MYERS INDUSTRIES INC
Form 10-K
March 11, 2014

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K
x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED December 31, 2013
COMMISSION FILE NUMBER 001-08524
MYERS INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

OHIO	34-0778636
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

1293 S. MAIN STREET, AKRON, OHIO	44301	(330) 253-5592
(Address of Principal Executive Offices)	(Zip Code)	(Telephone Number)

Securities Registered Pursuant to Section 12(b) of the Act:	Name of Each Exchange On which registered:
Common Stock, Without Par Value	New York Stock Exchange
(Title of Class)	

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 ¨ No ý
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No ý
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 the past 90 days. Yes ý No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý
Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer ¬ Accelerated filer x Non-accelerated filer ¬ Smaller reporting company ¬
Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No ý
State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the closing sale price on the New York Stock Exchange as of June 30, 2013: $472,251,735

Indicate the number of shares outstanding of registrant's common stock as of February 28, 2014: 33,424,302 Shares of Common Stock, without par value.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Registrant's Definitive Proxy Statement for its 2014 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”) was founded in Akron, Ohio, in 1933. The terms “Myers Industries,” “Company” “we,” “us,” or “our” wherever used herein refer to the Company, unless the context indicates to the contrary. Since then, the Company has grown from a small storefront distributing tire service supplies into an international manufacturing and distribution enterprise. In 1971, the Company went public, and the stock is traded on the New York Stock Exchange under the ticker symbol MYE.

Headquartered in Akron, Ohio, 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 is North America’s leading producer of plastic horticultural pots, trays and flower planters. Other principal product lines include plastic storage and organization containers, plastic 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 December 31, 2013, the Company operated 24 manufacturing facilities, 19 sales offices, four distribution centers and six distribution branches located throughout North, Central and South America; had approximately 13,000 manufactured products and over 10,000 distributed products; and had approximately 3,400 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, driving green initiatives, lowering material handling costs, improving product quality, reducing labor costs, shortening assembly times, eliminating solid waste and increasing profitability.

The Company’s business strategy is focused on sustainable, profitable growth guided by five key operating principles: 1) Customer Dedication, 2) Innovation, 3) Operations Excellence, 4) Organization Development, and 5) Financial Strength. Applying these principles to our business, the Company emphasizes:

- Industry-leading innovation of niche, high margin 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;
- Operations excellence initiatives to reduce costs and improve productivity within our manufacturing and distribution footprint;
- 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 dedication 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 for organization development; and
- Selective acquisitions as opportunities arise to enhance our leadership in key markets and add to shareholder value.

The Company continually reviews its segments and brands for strategic fit and growth potential. The review process is dedicated to furthering innovation and brand leadership in our markets, building strong customer relationships and positioning the Company for strong financial performance.

(b) Financial Information About Segments

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.

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(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: Material Handling, Lawn and Garden, and Engineered Products.

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 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.

Information regarding the revenues of each segment is contained in the Industry Segments footnote of the Notes to the Consolidated Financial Statements under Item 8 of this report.

The following table summarizes the key attributes of our business segments for the year ended December 31, 2013:

Continuing Operations	Material Handling Segment	Lawn and Garden Segment	Distribution Segment	Engineered Products Segment
Net Sales (in millions)	$323	$205	$177	$138
% of Total Net Sales	39%	25%	21%	15%
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	• 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	• Rubber & Plastic Original Equipment Replacement Parts • Tire Repair & Retreading Products • Highway Markings • Industrial Rubber • Custom Rubber & Plastic Products
Product Brands	• Akro-Mils™ • Jamco Products • Buckhorn® • Novel do Nordeste S.A. • Myers do Brasil™	• Dillen® • ITML™ • Listo™ • Pro Cal™ • Planters' Pride® • Akro-Mils Lawn & Garden™	• Myers Tire Supply® • Myers Tire Supply International™	• Ameri-Kart® • Patch Rubber Company® • WEK™
Key Capabilities & Services	• Product Design • Prototyping • Product Testing • Material Formulation • Injection Molding • Structural Foam Molding • Metal Forming • Stainless Steel 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	• Broad Sales Coverage • Local Sales • Four strategically placed distribution centers • International Distribution • Personalized Service • National Accounts • Product Training • Repair/Service Training • New Products/Services "Speed to Market"	• Rubber Mixing • Rubber Compounding • Rubber Calendering • Rubber Extrusion • Plastic Blow Molding • Plastic Rotational Molding • Thermoforming
Representative Markets	• Agriculture • Automotive	• Horticulture: - Growers	• Retail Tire Dealers • Truck Tire Dealers	• Automotive OEM • Industrial

• Commercial • Food Processing • Food Distribution • Healthcare • Industrial • Manufacturing • Retail Distribution • Consumer	- Nurseries - Greenhouses - Retail Garden Centers • Consumer - Retail Garden Centers - Retail Home Centers	• Auto Dealers • Commercial Auto & Truck Fleets • General Repair & Services Facilities • Tire Retreaders • Governmental Agencies	• Mining • Recreational Marine • Recreational Vehicle • Road Construction • Sporting Goods • Tire Repair • Telecommunications

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Manufacturing Segments Overview

Material Handling Segment

The Material Handling Segment is comprised of plastic reusable material handling containers, pallets and bins, as well as metal shelving, cabinet and racking systems. The major brands in this segment which includes Buckhorn®, Akro-Mils™, Novel® and Jamco Products, have strong leadership positions across markets such as automotive, appliance, general industrial/manufacturing, retail distribution, agriculture, and food processing. This leadership position is built 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 help customers reduce material handling costs by replacing single-use cardboard boxes, easily damaged wooden pallets and high-cost steel containers. 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 by creating storage and organization efficiency throughout our end users' operations.

Buckhorn 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 bulk transport containers in both collapsible and fixed-wall styles; and injection and structural foam pallets. Buckhorn also produces custom material handling packaging. Customers rely on Buckhorn's single-source efficiency and the productivity and profitability benefits delivered through value-added innovation, broad product selection, quality and packaging conversion services.

Buckhorn hand-held containers include attached lid, detached lid, bi-color and specialty styles that stack and/or nest for efficient space usage, thus lowering freight and storage costs. In manufacturing plants across North America, our container and pallet systems are reused hundreds of times to ship products such as small fasteners or large 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 in retail distribution centers to organize inventory, sort orders and then 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.

Buckhorn's selection of collapsible and fixed-wall bulk transport containers leads 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" x 30" to 70" x 48"; heights up to 65"; and weight capacities up to 3,000 lbs. Bulk containers are compatible with forklifts 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 Container, which is used by leading seed distributors to efficiently transport and dispense up to 2,500 lbs. of their products. The unique Center Flow Container can be emptied in approximately 30 seconds, then broken down for return shipping and refilling, thus eliminating waste created by traditional seed bags. Manufacturers of tomato paste employ our Caliber® and Citadel® bulk containers to move processed tomato products across the country in railcars. The smooth-sided, impact-resistant containers replace wooden crates and steel containers that can cause product damage and contamination. Citadel containers can 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 also manufactures collapsible containers featuring an integrated pallet and lid system. Maximizer® is a unique alternative for corrugated bulk container users. Unlike short-lived corrugated containers that are awkward to assemble and knock down, Maximizer is easily constructed by one person and can be reused hundreds of times. The walls easily assemble and collapse, while the integrated locking system provides strength and stability in transport. It is made from durable, moisture-resistant plastic and can be stored indoors or outdoors. The container is an ideal solution for shipping and storing light-duty dry goods and maximizes productivity, cost savings, safety, space usage and sustainability.

Buckhorn’s innovation in bulk containers also focuses on specific niche markets where the Company’s expertise can bring significant value in a closed loop supply chain. For example, in 2011 Buckhorn acquired tooling assets and intellectual property for a new reusable plastic container used in producing, shipping, storing and processing bulk natural cheese. The “640 Cheese Box” is a natural extension to Buckhorn’s bulk container product line, offering many benefits over the industry’s traditional wood boxes by providing end users with less waste and faster cycle times. It is compatible with cheese industry manufacturing processes including dolly and forklift transport, automation, vacuum chambers, inverters, packaging and weighing. The 640 Cheesebox has a 24” x 30” x 37” footprint and a 710-lb. fill capacity. It reduces waste and improves sanitation and quality by replacing wood boxes, which can splinter and contaminate cheese during the material handling process. USDA approved, the container allows for faster cool down to 40 degrees within seven days, thereby minimizing cold storage requirements and producing more consistent cheese from the core to the outside surface.

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.

Novel is Brazil's leading designer and manufacturer of reusable plastic crates and totes used for closed-loop shipping and storage in the region's fast-growing food and agriculture industries. Novel's product line is primarily focused on injection-molded containers but also produces a diverse range of plastic industrial safety products. With strong relationships to major international companies in its markets, Novel complements Myers Industries' material handling business in Brazil and aligns with the Company's material handling and geographic growth strategy.

Akro-Mils provides customers with virtually “everything needed to store, organize and transport for greater productivity and profitability.” These material handling products serve 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, wire shelving systems, plastic and metal transport carts 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.

Akro-Mils products deliver storage and organization solutions in a wide variety of applications, from creating assembly line workstations to organizing medical supplies and 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 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.

With the resulting benefits of reducing packaging costs, improving safety and quality, simplifying workflows and eliminating waste, Akro-Mils products provide the perfect solution for workplace efficiency programs, such as 5S Lean. In support of such programs, Akro-Mils has several product lines, including the clear Insight® Bin for the healthcare industry and the unique, bi-colored Indicator® Bin, which provides a visual cue to refill bins for efficient assembly line, supply room or distribution center work. As a result of new product development and listening to the “voice of the customer” to provide solutions, the Akro-Mils brand is recognized throughout the material handling industry for continuous innovation, high quality and reliable service.

Jamco Products is well established in industrial and commercial markets with its wide selection of welded steel service carts, platform trucks, mobile work centers, racks and cabinets for plastic bins, safety flammable cabinets, medical cylinder carts and more. Jamco Product's strong product offering, relationships with industrial distributors and reputation for quality and service complements Myers Industries' existing Akro-Mils business and aligns with the Company's material handling growth strategy.

All of our Material Handling Segment products are designed to reduce the waste produced by cardboard boxes and wooden pallets in supply chains. In our own manufacturing and product innovation, we continue to seek eco-friendly alternatives for our own plastic products. For example, our Akro-Mils EarthSaver® AkroBins and Shelf Bins are produced from 100 percent recycled plastics. Available in earth tone colors of terra cotta, hunter green and sandstone, the EarthSaver Series offers users an eco-friendly choice in plastic storage and organization products, while boosting productivity in the workplace and helping companies make a positive impact on the environment. In addition, our Buckhorn business utilized more than 24 million lbs. of recycled or reprocessed plastics in its manufacturing processes last year. This accounted for approximately 23 percent of Buckhorn's total material usage, applied to products ranging from hand-held totes to bulk containers.

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. The

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potential for strategic, bolt-on acquisitions also provides opportunities to expand the scope of our brand leadership and the range of value-added products and services that we bring to customers.

Lawn and Garden Segment

The Company's Lawn and Garden Segment includes the Dillen®, ITML™, Pro Cal™, Listo™, Planters' Pride® and Akro-Mils Lawn & Garden™ brands, which encompass the variety of plant containers that growers and retailers need to serve the North American horticulture market. Through direct sales and distribution channels, we serve customers ranging from professional growers with greenhouse facilities or outdoor nurseries to independent garden centers and retail home centers.

For growers, our Dillen, ITML, and Pro Cal products create dense growing environments, increase efficiency and reduce costs in their operations. Our extensive product range includes injection-molded and thermoformed pots, hanging baskets, flats and carry trays, plug trays, nursery containers, propagation sheets, and specialty pots.

Ever-changing consumer trends have driven demand for a variety of decorative containers that capture the consumers' attention at retail without hampering the operational efficiencies throughout the growing process. Our product innovation efforts are focused on increasing the output of designs to serve this market by expanding our manufacturing capabilities to cost-effectively produce these decorative products in North America.

In addition to working with growers on product innovation, we support their increasing needs for branding and retail merchandising programs with services such as multi-color offset printing and adhesive labeling. We have expanded our print capabilities to offer our customers two levels of quality for printed pots, our GreenStar option for basic brand identification, and a premium, SilverStar print package for more elaborate pot graphics. Once filled with plant material by the grower and shipped to retail, these customized pots serve as packaging for plants and create vibrant point-of-sale materials.

For retailers, our Listo brand encompasses decorative resin planters that feature intricate molding details and unique finishes in ceramic, metallic, weathered stone and natural textured styles. The upscale look of these decorative planters captures the retailer's attention and the consumer's imagination. Products include a diverse offering of planters, bowls and accent pieces for indoor and outdoor container gardening. Consistent new product development is key to our success in the retail garden center, ecommerce, food and drug 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 products apart from the competition in leading retail stores across North America.

In addition to Listo, two other brands in the retail channel of the Lawn and Garden Segment include Planters' Pride and Akro-Mils Lawn & Garden products. Planters' Pride has a diverse product offering dedicated to the at-home gardener. Featured products include a wide range of Fiber Grow® seed starting kits with 100 percent, USDA Certified peat-free renewable coconut coir (coconut husk) pellets and pots that outperform the competing offerings. In addition, our exclusive offerings of gel2root™ rooting gel, coconut coir soils, coconut coir mulches and other great gardening accessories are all backed by customizable retail displays.

Akro-Mils Lawn & Garden provides a wide range of high quality planters, innovative vertical gardens, dependable hanging baskets, as well as ergonomic watering cans and other related items for the home gardener. With sizes ranging from three ounces to one thousand gallons, and more than eight different materials available, the Akro-Mils Lawn and Garden line is sure to carry the solution for every customer. For example, the use of price neutral alternative materials in Akro-Mils Lawn and Garden planters is evident in the EcoResin™ and BioBamboo™ product lines. EcoResin planters are made from up to 30% non-food, non-forest plant fibers and do not sacrifice quality or price. The BioBamboo product lines are made from a blend of bamboo fibers and plant based resins which create a bio-degradable planter that minimizes its impact on the environment.

Myers Industries seeks to expand its market leadership in the Lawn and Garden Segment through unrivaled product innovation and selection, diverse manufacturing processes and superior customer satisfaction. One of these initiatives continues to be expanding the use of reprocessed and recycled materials in the manufacturing process, which helps to reduce the Company's exposure to higher costs for virgin raw material and furthers our commitment to environmentally responsible manufacturing. In addition to sourcing sustainable eco-friendly materials, such as Coconut Coir for Fiber Grow products, the Lawn & Garden Group reprocesses plastic scrap into new containers. Beyond continued sourcing of recycled raw materials, Myers Lawn and Garden continues to innovate solutions by exploring options in bio-based resins and other alternative material sources.

Weather conditions, grower consolidation and grower supply chain adjustments to meet retail merchandising programs are some of the key external factors that influence this industry. As one of the industry leaders, the Company is well positioned to further align our capabilities to effectively meet the external challenges and changing needs of customers and the markets. The horticultural market has evolved with grower consolidation creating a more direct supply chain to serve the box stores. To position our company for continued growth, we have realigned our manufacturing operations to better serve our customers in the Midwest and South and we have opened a facility in Sparks, Nevada to be closer to our customers in the West.

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Engineered Products Segment

Myers Industries serves diverse niche markets and customers with rubber and plastic products from the Engineered Products Segment. Through our Ameri-Kart®, Patch Rubber™ and WEK™ brands, we provide an array of engineered plastic original equipment and replacement parts, tire repair materials and custom rubber and plastic components and materials. 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 utilize a full range of rubber molding processes that include compounding and calendering and extrusion. Additional capabilities include custom rubber formulation, mixing and testing.

WEK is a premier blow molder of custom engineered plastic components to a blue-chip customer base serving diverse end markets, including the automotive, heavy truck, recreational vehicle, marine, appliance and consumer products industries. WEK supports passenger car and truck manufacturers to create plastic components and assemblies for a wide variety of vehicle platforms. Our proven track record and expertise affords us "guest engineering" status with one of the world's leading automakers and suppliers. Our molding and assembly capabilities produce a diversified product mix, which includes: HVAC ducts & systems, air induction tubing & components and fluid reserve tanks, as well as other proprietary products that include dock floats and waste containers. The Company's focus in the automotive arena is on highly engineered, niche products for select automotive platforms and strategic, long-term customers - both transplants and domestics - who reward their value-added manufacturing partners. In addition, WEK provides plastic blow molded components for industries outside of automotive. In the marine industry, WEK produces a proprietary patented full range of blow molded flanged Dock Floats for creating boat docks in marinas, private clubs, boatyards and elsewhere. The floats feature one piece, no seam construction, with resistance to oil, diesel fuel and saltwater. For the waste management industry, WEK produces several varieties of Waste Carts, Recycle Bins and Waste Can Liners in styles and sizes to meet the industry's diverse product needs. In the custom molding arena, WEK produces a wide variety of products, such as Double Wall Storage Cases, used as packaging and for storing and protecting tools, electronics, medical equipment, firearms and other valuables. Other custom items include Coolers, Residential and Commercial Downspout Systems, Trade Show Display Cases and more. WEK's blow molding press sizes range from large and small to fit a customer's precise product needs.

Manufacturers of recreational vehicles ("RV") and watercraft rely on our design expertise and production capabilities to provide them an assortment of products. Through our Ameri-Kart brand, we create rotationally-molded plastic tanks for water, fuel and waste handling that are assembled to fit the precise space constraints within RV and marine craft designs. We also utilize thermoforming and rotational molding to manufacture plastic trim and interior parts for RVs. In addition to molding fuel tanks, seat components, consoles and storage tanks for watercraft, Ameri-Kart manufactures its patented Enviro-Fill® overfill prevention system ("OPS") technology for its marine fuel tanks. Ameri-Kart is the industry's only turnkey provider with an integrated, Environmental Protection Agency ("EPA")-compliant marine fuel tank and patented Enviro-Fill diurnal system. This OPS/tank vent and sensor system provides venting and monitoring of the fuel level in the tank during filling and transfers a pressure signal to the deck fitting when fuel reaches a predetermined level. Integrated with its low permeation fuel tanks and certified by the EPA to meet the standards of evaporative emissions, this makes Ameri-Kart unique in offering customers a "total system" for marine fuel tank solutions. This in turn affords boat manufacturers a single source to comply with EPA and American Boat and Yacht Council ("ABYC") refueling and emission regulations.

Our manufacturing of rubber products began more than 60 years ago with our Patch Rubber Company® brand, initially making tire patches. Today, we manufacture one of the most comprehensive lines of tire repair and retreading products in the United States. Service professionals rely on our extensive product selection and quality for safe, cost-effective repairs to passenger, truck and off-road tires. Products include 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 including sales through our Distribution Segment's sales network.

Also within the capabilities of Patch Rubber, we apply our rubber calendering 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, specialty tapes used for cable splicing in the telecommunications industry and custom rubber linings for material handling conveyors.

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Distribution Segment Overview

Our Distribution Segment includes the Myers Tire Supply® and Myers Tire Supply International™ brands. Myers Tire Supply 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, wheels and related components. Independent tire dealers, mass merchandisers, commercial auto and truck fleets, auto dealerships, 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.

In 2013, we continued to enhance our business model to optimize our domestic distribution network. We serve the domestic market through 19 sales offices and four regional distribution centers. Our network has improved overall customer service levels, reduced operating costs, and simplified the supply chain. Internationally, we have three branches in Canada and three in Central America. Sales personnel from our Akron, Ohio headquarters cover niche markets in the Far East, Middle East, South Pacific and South America. In addition, we have a joint venture partnership in India, enabling our effort to expand in emerging international markets.

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. Some of these well-known brands include: Chicago Pneumatic air tools; Hennessy tire changing, balancing and alignment equipment; Corghi tire changers and balancers; Ingersoll-Rand air service equipment; HofmannUSA tire balancing and changing equipment; Rotary lifts and related equipment; Alligator VentilFabrik GMBH tire pressure monitoring systems and tire valve hardware; Perfect Equipment wheel weights; and our own Patch Rubber brand tire patches, cements and repair supplies.

An essential element of our success in the Distribution Segment is the network of field sales representatives, who deliver personalized service on a local level. Customers rely on Myers Tire Supply 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.

With a commitment to innovation for our customers, our Myers Tire Supply team has introduced several new product and service offerings that continue to make our customers' experience with Myers Tire Supply uniquely valuable. These include a full range of Tire Pressure Monitoring System products, a web-based "Torque Tracker" program for commercial fleet service providers, and a vendor managed inventory program, which is designed to help our customer manage the cost of their consumable inventory and secure highly valuable tools.

While the needs and composition of our distribution markets constantly change, we adapt and deliver the new products and services that are crucial to our customers' success. The new product pipeline is driven by a thorough understanding of the market and its customers' needs. Myers Tire Supply in turn works closely with its suppliers to develop innovative products and services to meet these needs with solutions.

The Distribution Segment is well positioned to continue its steady growth. The Myers Tire Supply (U.S.) brand is positioned to expand its leadership through superior product selection, rapid delivery and the personal service that is the hallmark of the Company's success in the tire, wheel, and undervehicle service marketplace. The Myers Tire Supply International brand is positioned to expand distribution of tire supplies in select regions of the world, presenting new growth opportunities for our diverse manufacturing businesses. All of this can be achieved through: 1) ongoing productivity improvements in our distribution network, 2) growing within key domestic market sectors and emerging international markets, 3) delivering a continuous flow of new products with "first-to-market" speed and 4) improving efficiency and customer satisfaction through implementation of innovative supply chain management technologies. Strategic, adjacent acquisitions or investments are also a potential growth avenue in this segment.

Raw Materials & Suppliers — Manufacturing and Distribution Segments

For the manufacturing segments, 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 material adverse effect

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

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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, most 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. The Company does not command substantial, overall market presence in the broad market sectors.

Competition in our Distribution Segment is generally from private, smaller local and regional businesses. Within the overall tire, wheel and undervehicle service market, Myers is the largest North American distributor of tools, equipment and supplies offered based on national coverage.

Customer Dependence

In 2013, 2012 and 2011, there were no customers that accounted for more than five percent of 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, 2013, Myers Industries had a total of 3,401 full-time and part-time employees. Of these, 2,894 were employed in the Company’s manufacturing segments, including: 1,168 in Material Handling, 713 in Engineered Products, and 1,013 in Lawn and Garden. The Distribution Segment employed 447 personnel. The Company’s corporate offices had 60 employees.

As of December 31, 2013, the Company had approximately 380 employees represented by labor unions. Collective bargaining agreements between us and these labor unions expire March 2014 and November 2014, representing approximately 150 and 230 employees, respectively. We consider our relationship with our employees generally to be satisfactory.

(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.

(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.

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., Washington, DC 20549. Information regarding operations of the Public Reference Room may also be obtained by calling the SEC at 1-800-SEC-0330. 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 free of charge on our own internet site as soon as reasonably practicable after we have filed with the SEC. Our internet address is http://www.myersindustries.com. The content on the Company’s website is available for informational 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 this Code is posted on our website in the section titled “Investor Relations”. We will satisfy any disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, any provision of this 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.

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ITEM 1A. Risk Factors

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 2014 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 these 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 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:

Any significant increase in the cost of raw materials or disruption in the availability of raw materials could adversely affect our performance.

Our ability to manage our cost structure can be adversely affected by movements in commodity and other raw material prices. Our primary raw materials include plastic resins, colorants and natural and synthetic rubbers. Plastic resins in particular are subject to substantial short term price fluctuations, including those arising from supply shortages and changes in the price of natural gas, crude oil and other petrochemical intermediates from which resins are produced, as well as other factors. Over the past several years, we have at times experienced rapidly increasing resin prices. The Company's revenue and profitability may be materially and adversely affected by these price fluctuations.

Market conditions may limit our ability to raise selling prices to offset increases in our raw material input costs. If we are unsuccessful in developing ways to mitigate raw material cost increases, we may not be able to improve productivity or realize our ongoing cost reduction programs sufficiently to help offset the impact of these increased raw material costs. As a result, higher raw material costs could result in declining margins and operating results.

Changes in raw material availability may also occur due to events beyond our control, including natural disasters such as floods, tornadoes and hurricanes. Our specific molding technologies and/or product specifications can limit our ability to locate alternative suppliers to produce certain products.

We may incur inherent risks associated with our strategic growth initiatives.

Our growth initiatives include: internal growth driven by strong brands and new product innovation; development of new, high-growth markets and expansion in existing niche markets; strengthened customer relationships through value-added initiatives and key product partnerships; investments in new technology and processes to reinforce market strength and capabilities in key business groups; consolidation and rationalization activities to further reduce costs and improve productivity within our manufacturing and distribution footprint; an opportunistic and disciplined approach to strategic, bolt-on acquisitions to accelerate growth in our market positions; and potential divestitures of businesses with non-strategic products or markets.

While this is a continuous process, 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 our ability to achieve anticipated benefits associated with announced strategic initiatives and affect our financial results. We may not achieve any or all of these goals and are unable to predict whether these initiatives will produce significant revenues or profits.

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We may not realize the improved operating results that we anticipate from past and recent acquisitions or from acquisitions we may make in the future and we may experience difficulties in integrating the acquired businesses or may inherit significant liabilities related to such businesses.

We explore opportunities to acquire businesses that we believe are related to our core competencies from time to time, some of which may be material to us. We expect such acquisitions will produce operating results consistent with our other operations; however, we may be unable to achieve the benefits expected to be realized from our acquisitions. In addition, we may incur additional costs and our management's attention may be diverted because of unforeseen expenses, difficulties, complications, delays and other risks inherent in acquiring businesses, including the following:

- we may have difficulty integrating the acquired businesses as planned, which may include integration of systems of internal controls over financial reporting and other financial and administrative functions;
- we may have delays in realizing the benefits of our strategies for an acquired business;
- we may not be able to retain key employees necessary to continue the operations of an acquired business;
- acquisition costs may be met with cash or debt, increasing the risk that we will be unable to satisfy current financial obligations; and
- acquired companies may have unknown liabilities that could require us to spend significant amounts of additional capital.

Our results of operations and financial condition could be adversely affected by a downturn in the general markets or the general economic environment.

We operate 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 our individual niche markets, could have an adverse affect on one or more of our operating segments.

We operate in a very competitive business environment.

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, and supply chain competency. Our competitive success also depends on our ability to maintain strong brands, customer relationships and the belief that customers will need our 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 particular business segment, product lines and customers — may prevent us from achieving sales, product pricing and income goals, which could affect our financial condition and results of operations.

The results of operations for our Lawn and Garden Segment are influenced by weather conditions.

Demand for our Lawn and Garden Segment products is influenced by weather, particularly weekend weather during the peak gardening season. Additionally, product demand in this segment is strongest in the first and fourth quarters and weakest in the third quarter, as our customers (in particular greenhouses and nurseries) order our products in advance of the growing season. As a result, our business, financial results, cash flow and our ability to service our debt could be adversely affected by certain weather patterns such as unseasonably cool or warm temperatures, hurricanes, water shortages or floods.

Our operations depend on our ability to maintain continuous, uninterrupted production at our manufacturing facilities, which are subject to physical and other risks that could disrupt production.

We are subject to 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. While we maintain insurance covering our manufacturing and production facilities, including business interruption insurance, a catastrophic loss of the use of all or a portion of our facilities due to accident, fire, explosion, or natural disaster, whether short or long-term, could have a material adverse effect on our business, financial condition and results of operations.

Unexpected failures of our equipment and machinery may also result in production delays, revenue loss and significant repair costs, as well as injuries to our employees. Any interruption in production capability may require us to make large capital expenditures to remedy the situation, which could have a negative impact on our profitability and cash flows. Our business interruption insurance may not be sufficient to offset the lost revenues or increased costs that we may experience during a disruption of our operations. A temporary or long-term business disruption could result in a permanent loss of customers. If this were to occur, our future sales levels, and therefore our profitability, could be materially adversely affected.

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We derive a portion of our revenues from direct and indirect sales outside the United States and are subject to the risks of doing business in foreign countries.

We currently operate manufacturing, sales and service facilities outside of the United States, particularly in Canada and Brazil. For the twelve months ended December 31, 2013, international net sales accounted for approximately 17% 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.

Our future performance depends in part on our ability to develop and market new products if there are changes in technology, regulatory requirements or competitive processes.

Changes in technology, regulatory requirements and competitive processes may render certain products obsolete or less attractive. Our performance in the future will depend in part on our ability to develop and market new products that will gain customer acceptance and loyalty, as well as our ability to adapt our product offerings and control our costs to meet changing market conditions. Our operating performance would be adversely affected if we were to incur delays in developing new products or if such products did not gain market acceptance. There can be no assurance that existing or future products will be sufficiently successful to enable us to effectively compete in our markets or, should new product offerings meet with significant customer acceptance, that one or more current or future competitors will not introduce products that render our products noncompetitive.

We may not be successful in protecting our intellectual property rights, including our unpatented proprietary know-how and trade secrets, or in avoiding claims that we infringed on the intellectual property rights of others.

In addition to relying on patent and trademark rights, we rely on unpatented proprietary know-how and trade secrets and employ various methods, including confidentiality agreements with employees and consultants, to protect our know-how and trade secrets. However, these methods and our patents and trademarks may not afford complete protection and there can be no assurance that others will not independently develop the know-how and trade secrets or develop better production methods than us. Further, we may not be able to deter current and former employees, contractors and other parties from breaching confidentiality agreements and misappropriating proprietary information and it is possible that third parties may copy or otherwise obtain and use our information and proprietary technology without authorization or otherwise infringe on our intellectual property rights. Additionally, in the future we may license patents, trademarks, trade secrets and similar proprietary rights to third parties. While we attempt to ensure that our intellectual property and similar proprietary rights are protected when entering into business relationships, third parties may take actions that could materially and adversely affect our rights or the value of our intellectual property, similar proprietary rights or reputation. In the future, we may also rely on litigation to enforce our intellectual property rights and contractual rights and, if not successful, we may not be able to protect the value of our intellectual property. Furthermore, no assurance can be given that we will not be subject to claims asserting the infringement of the intellectual property rights of third parties seeking damages, the payment of royalties or licensing fees and/or injunctions against the sale of our products. Any litigation could be protracted and costly and could have a material adverse effect on our business and results of operations regardless of its outcome.

If we are unable to maintain access to credit financing, our business may be adversely affected.

The Company’s ability to make payments and to refinance our indebtedness, fund planned capital expenditures and acquisitions and pay dividends will depend on our ability to generate cash in the future and retain access to credit financing. This, to some extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We cannot provide assurance that our business will generate sufficient cash flow from operating activities or that future borrowings will be available to us under our credit facilities in amounts sufficient to enable us to service debt, make necessary capital expenditures or fund other liquidity needs. We may need to refinance all or a portion of our indebtedness, on or before maturity. We cannot be sure that we would be able to refinance any of our indebtedness on commercially reasonable terms or at all.

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The credit facilities contain restrictive covenants and cross default provisions that require us to maintain specified financial ratios. The Company's ability to satisfy those financial ratios can be affected by events beyond our control, and we cannot be assured we will satisfy those ratios. A breach of any of these financial ratio covenants or other covenants could result in a default. Upon the occurrence of an event of default, the lenders could elect to declare the applicable outstanding indebtedness due immediately and payable and terminate all commitments to extend further credit. We cannot be sure that our lenders would waive a default or that we could pay the indebtedness in full if it were accelerated.

Future claims, litigation and regulatory actions could adversely affect our financial condition and our ability to conduct our business.

While we strive to ensure that our products comply with applicable government regulatory standards and internal requirements and that our products perform effectively and safely, customers from time to time could claim that our products do not meet contractual requirements, and users could be harmed by use or misuse of our products. This could give rise to breach of contract, warranty or recall claims, or claims for negligence, product liability, strict liability, personal injury or property damage. Product liability insurance coverage may not be available or adequate in all circumstances. In addition, claims may arise related to patent infringement, environmental liabilities, distributor terminations, commercial contracts, antitrust or competition law, employment law and employee benefits issues and other regulatory matters. While we have in place processes and policies to mitigate these risks and to investigate and address such claims as they arise, we cannot predict the underlying costs to defend or resolve such claims.

Current and future environmental and other governmental laws and requirements could adversely affect our financial condition and our ability to conduct our business.

Our operations are subject to federal, state, local and foreign environmental laws and regulations that impose limitations on the discharge of pollutants into the air and water and establish standards for the handling, use, treatment, storage and disposal of, or exposure to, hazardous wastes and other materials and require clean up of contaminated sites. Some of these laws and regulations require us to obtain permits, which contain terms and conditions that impose limitations on our ability to emit and discharge hazardous materials into the environment and periodically may be subject to modification, renewal and revocation by issuing authorities. Fines, penalties and other civil or criminal sanctions may be imposed for non-compliance with applicable environmental laws and regulations and the failure to have or to comply with the terms and conditions of required permits. Certain environmental laws in the United States, such as the federal Superfund law and similar state laws, impose liability for the cost of investigation or remediation of contaminated sites upon the current or, in some cases, the former site owners or operators (or their predecessor entities) and upon parties who arranged for the disposal of wastes or transported or sent those wastes to an off-site facility for treatment or disposal, regardless of when the release of hazardous substances occurred or the lawfulness of the activities giving rise to the release. Such liability can be imposed without regard to fault and, under certain circumstances, can be joint and several, resulting in one party being held responsible for the entire obligation.

While we have not been required historically to make significant capital expenditures in order to comply with applicable environmental laws and regulations, we cannot predict with any certainty our future capital expenditure requirements because of continually changing compliance standards and environmental technology. Furthermore, violations or contaminated sites that we do not know about, including contamination caused by prior owners and operators of such sites, or at sites formerly owned or operated by us or our predecessors in connection with discontinued operations, could result in additional compliance or remediation costs or other liabilities, which could be material.

In that we may be a potentially responsible party ("PRP") of the New Idria Mercury Mine, the Company accrued costs related to performing a remedial investigation and feasibility study. As investigation and remediation proceed, it is likely that adjustments to the liability will be necessary to reflect new information. Estimates of the Company's liability are based on current facts, laws, regulations and technology. Estimates of the Company's environmental liabilities are further subject to uncertainties regarding the nature and extent of site contamination, the range of remediation alternatives available, evolving remediation standards, imprecise engineering evaluation and cost estimates, the extent of corrective actions that may be required and the number and financial condition of other PRPs,

as well as the extent of their responsibility for the remediation, and the availability of insurance coverage for these expenses.
We have limited insurance coverage for potential environmental liabilities associated with historic and current operations and we do not anticipate increasing such coverage in the future. We may also assume significant environmental liabilities in acquisitions. Such costs or liabilities could adversely affect our financial situation and our ability to conduct our business.

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Environmental regulations specific to plastic products and containers could adversely affect our ability to conduct our business.

Federal, state, local and foreign governments could enact laws or regulations concerning environmental matters that increase the cost of producing, or otherwise adversely affect the demand for, plastic products. Legislation that would prohibit, tax or restrict the sale or use of certain types of plastic and other containers, and would require diversion of solid wastes such as packaging materials from disposal in landfills, has been or may be introduced in the U.S. Congress, in state legislatures and other legislative bodies. While container legislation has been adopted in a few jurisdictions, similar legislation has been defeated in public referenda in several states, local elections and many state and local legislative sessions. There can be no assurance that future legislation or regulation would not have a material adverse effect on us. Furthermore, a decline in consumer preference for plastic products due to environmental considerations could have a negative effect on our business.

Our insurance coverage may be inadequate to protect against potential hazardous incidents to our business.

We maintain property, business interruption, product liability and casualty insurance coverage, but such insurance may not provide adequate coverage against potential claims, including losses resulting from war risks, terrorist acts or product liability claims relating to products we manufacture. Consistent with market conditions in the insurance industry, premiums and deductibles for some of our insurance policies have been increasing and may continue to increase in the future. In some instances, some types of insurance may become available only for reduced amounts of coverage, if at all. In addition, there can be no assurance that our insurers would not challenge coverage for certain claims. If we were to incur a significant liability for which we were not fully insured or that our insurers disputed, it could have a material adverse effect on our financial position, results of operations or cash flows.

Our business operations could be significantly disrupted if members of our senior management team were to leave.

Our success depends to a significant degree upon the continued contributions of our senior management team. Our senior management team has extensive manufacturing, finance and engineering experience, and we believe that the depth of our management team is instrumental to our continued success. The loss of any of our key executive officers in the future could significantly impede our ability to successfully implement our business strategy, financial plans, expansion of services, marketing and other objectives.

Unforeseen future events may negatively impact our economic condition.

Future events may occur that would adversely affect the reported value of our 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 our customer base, or a material adverse change in our relationship with significant customers.

Equity Ownership Concentration

Based solely on a report provided to the Company by market intelligence firm IPREO, for which the Company disclaims any responsibility, Gabelli Funds, LLC, GAMCO Asset Management Inc., MJG Associates, Inc., Gabelli Securities, Inc., Teton Advisors, Inc., GGCP, Inc., and GAMCO Investors, Inc., (collectively, the “Gamco Group”), beneficially owned 5,613,187 of our common shares as of December 31, 2013, representing approximately 16.8% of our outstanding common shares. Combined, these parties may 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.

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ITEM 2. Properties

The following table sets forth certain information with respect to properties owned by the Company:

Location	Distribution Approximate Floor Space (Square Feet)	Approximate Land Area (Acres)	Use
Akron, Ohio	129,000	8	Executive offices and warehousing
Akron, Ohio	60,000	5	Distribution center
Akron, Ohio	31,000	2	Warehousing
Pomona, California	18,000	1	Sales and distribution center
	Manufacturing		
Sandusky, Ohio	305,000	8	Manufacturing and distribution
Springfield, Missouri	227,000	19	Manufacturing and distribution
Wadsworth, Ohio	197,000	23	Manufacturing and distribution
Sparks, Nevada	185,000	11	Manufacturing and distribution
Bristol, Indiana	185,000	12	Manufacturing and distribution
Bluffton, Indiana	175,000	17	Manufacturing and distribution
Roanoke Rapids, North Carolina	172,000	20	Manufacturing and distribution
Dawson Springs, Kentucky	125,000	26	Manufacturing and distribution
Reidsville, North Carolina	120,000	17	Manufacturing and distribution
Jefferson, Ohio	113,000	9	Manufacturing and distribution
Waco, Texas	60,000	5	Manufacturing and distribution
Sebring, Florida	26,000	10	Manufacturing and distribution

The following table sets forth certain information with respect to facilities leased by the Company.

Location	Manufacturing & Distribution Approximate Floor Space (Square Feet)	Expiration Date of Lease	Use
Middlefield, Ohio	632,000	September 30, 2025	Manufacturing and distribution
Elyria, Ohio	451,000	September 30, 2015	Distribution center
Brantford, Ontario, Canada	216,000	January 31, 2014*	Manufacturing and distribution
Cassopolis, Michigan	198,000	October 31, 2015	Manufacturing and distribution
South Beloit, Illinois	160,000	September 30, 2017	Manufacturing and distribution
Springfield, Missouri	120,000	August 31, 2016	Manufacturing and distribution
Lauro de Freitas City, Bahia, Brazil	77,000	June 30, 2015	Manufacturing and distribution
Ibipora, Parana, Brazil	68,000	December 31, 2015	Manufacturing and distribution
Brantford, Ontario, Canada	58,000	January 31, 2015	Distribution center
Southaven, Mississippi	56,000	September 30, 2016	Distribution center
Jaguariuna, Brazil	54,000	April 30, 2017	Manufacturing and distribution
Springfield, Missouri	51,000	August 31, 2016	Manufacturing and distribution
Springfield, Missouri	49,000	August 31, 2016	Manufacturing and distribution
Burlington, Ontario, Canada	46,000	January 31, 2015	Manufacturing and distribution
Salt Lake City, Utah	31,000	October 31, 2016	Distribution center
Mississuaga, Ontario, Canada	27,000	December 31, 2014	Manufacturing and distribution
Milford, Ohio	22,000	November 30, 2015	Administration and sales

Twinsburg, Ohio	11,000	October 31, 2023	Executive offices

* Manufacturing operations were ceased and moved to Middlefield, Ohio and Sparks, Nevada.

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The Company also leases facilities in 19 locations throughout the United States and Canada which, in the aggregate, amount to approximately 50,000 square feet of warehouse and office space. All of these locations are used by the Distribution Segment.

The Company believes that all of its properties, machinery and equipment generally are well maintained and adequate for the purposes for which they are used.

ITEM 3. Legal Proceedings

The Company is a defendant in various lawsuits and a party to various other legal proceedings, in the ordinary course of business, some of which are covered in whole or in part by 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.

New Idria Mercury Mine

Effective October 2011, the U.S. Environmental Protection Agency (“EPA”) added the New Idria Mercury Mine site located near Hollister, California to the Superfund National Priorities List because of alleged contaminants discharged to California waterways. The New Idria Quicksilver Mining Company, founded in 1936, and later renamed the New Idria Mining & Chemical Company ("NIMCC") owned and/or operated the New Idria Mine through 1976. In 1981 NIMCC was merged into Buckhorn Metal Products Inc. and subsequently acquired by Myers Industries in 1987. The EPA contends that past mining operations have resulted in mercury contamination and acid mine drainage at the mine site, in the San Carlos Creek, Silver Creek and a portion of Panoche Creek and that other downstream locations may also be impacted.

Since Buckhorn Inc. may be a potentially responsible party (“PRP”) of the New Idria Mercury Mine, the Company recognized an expense of $1.9 million, on an undiscounted basis, in 2011 related to performing a remedial investigation and feasibility study to determine the extent of remediation and the screening of alternatives. Expenses of approximately $0.6 million have been incurred and charged against the reserve classified in Other Liabilities on the Consolidated Statements of Financial Position as of December 31, 2013. As investigation and remediation proceed, it is likely that adjustments to the reserved expense will be necessary to reflect new information. Estimates of the Company’s liability are based on current facts, laws, regulations and technology. Estimates of the Company’s environmental liabilities are further subject to uncertainties regarding the nature and extent of site contamination, the range of remediation alternatives available, evolving remediation standards, imprecise engineering evaluation and cost estimates, the extent of corrective actions that may be required, the number and financial condition of other PRPs as well as the extent of their responsibility for the remediation, and the availability of insurance coverage for these expenses. At this time, further remediation cost estimates are not known and have not been prepared.

In November 2011 the EPA completed an interim removal project at the New Idria Mercury Mine site. It is expected this removal action will be part of the final remediation strategy for the site. According to informal reports, EPA’s interim removal project costs were approximately $0.5 million. It is possible that at some future date the EPA will seek recovery of the costs of this work from PRPs.

California Regional Water Quality Control Board

A number of parties, including the Company and its subsidiary, Buckhorn Inc. (“Buckhorn”), were identified in a planning document adopted in October 2008 by the California Regional Water Quality Control Board, San Francisco Bay Region (“RWQCB”). The planning document relates to the presence of mercury, including amounts contained in mining wastes, in and around the Guadalupe River Watershed (“Watershed”) region in Santa Clara County, California. Buckhorn has been alleged to be a successor in interest to NIMCC which owned property and performed mining operations in a portion of the Watershed area. The Company has not been contacted by the RWQCB or by other parties who have been involved in Watershed clean-up efforts that have been initiated as a result of the adoption of this planning document. Although assertion of a claim by the RWQCB or an other party involved in this clean-up effort is reasonably possible, it is not possible at this time to estimate the amount of any obligation the Company may incur for these cleanup efforts within the Watershed region, or whether such cost would be material to the Company’s financial statements.

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EXECUTIVE OFFICERS OF THE REGISTRANT

Set forth below is certain information concerning the executive officers of the Registrant as of December 31, 2013. Executive officers are appointed annually by the Board of Directors.

Name	Age	Years as Executive Officer	Title
John C. Orr	63	11	President and Chief Executive Officer
Greggory W. Branning	52	2	Senior Vice President, Chief Financial Officer and Corporate Secretary

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 the Company, Mr. Orr had been employed by The Goodyear Tire & Rubber Company for 28 years. His last position at Goodyear was Vice President — North America.

Mr. Branning, Senior Vice President, Chief Financial Officer and Corporate Secretary, was appointed to his current position on September 1, 2012. Prior to that he was with Danaher Corporation, where he served as Vice President of Finance and Chief Financial Officer of Thomson Industries, a Danaher subsidiary. Mr. Branning joined Danaher Corporation in 2003 where he served in various leadership positions in various subsidiaries of Danaher.

Section 16(a) of the Securities Exchange Act of 1934 requires the Registrant’s Directors, certain of its executive officers and persons who own more than ten percent of its Common Stock (“Insiders”) to file reports of ownership and changes in ownership with the Securities and Exchange Commission and the New York Stock Exchange, Inc., and to furnish the Company with copies of all such forms they file. In 2013, Form 4s were not filed on a timely basis for the following individuals: John C. Orr, executive officer, (one untimely Form 4) and Sarah R. Coffin, Director, (one untimely Form 4).

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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 shareholders of record at December 31, 2013 was 1,300. High and low stock prices and dividends for the last two years were:

2013	Sales Price		
Quarter Ended	High	Low	Dividends
March 31	$15.33	$13.47	$0.09
June 30	15.64	12.85	0.09
September 30	20.34	15.73	0.09
December 31	21.59	17.46	0.09

2012	Sales Price		
Quarter Ended	High	Low	Dividends
March 31	$14.75	$12.36	$0.08
June 30	17.88	15.32	0.08
September 30	17.42	14.40	0.08
December 31	16.03	13.51	0.08

Purchases of equity securities by the issuer

The following table presents information regarding the Company’s stock purchase plan during the three months ended December 31, 2013.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of the Publicly Announced Plans or Programs	Maximum number of Shares that may yet be Purchased Under the Plans or Programs (1)
10/1/13 to 10/31/13	—	$ —	660,301	7,339,699
11/1/13 to 11/30/13	115,400	18.24	775,701	7,224,299
12/1/13 to 12/31/13	37,079	19.45	812,780	7,187,220

(1) On July 11, 2013, the Company authorized the repurchase of up to an additional five million shares of its common stock. This authorization was in addition to the Board authorized repurchase of up to five million shares that was announced on May 2, 2011. On February 20, 2014, the Company's Board of Directors authorized $40 million of common stock repurchases to be completed in 2014. The Company previously completed the repurchase of approximately five hundred thirty five thousand shares in April 2013, and two million shares in 2011 pursuant to Rule 10b5-1 plans, which were adopted pursuant to the 2011 authorized share repurchase dated June 1, 2011.

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See Item 12 of this Form 10-K for the Equity Compensation Plan Information Table which is incorporated herein by reference.

Comparison of 5 Year Cumulative Total Return
Assumes Initial Investment of $100
December 2013

		2008	2009	2010	2011	2012	2013
Myers Industries Inc.	Annual Return %		17.86	10.64	30.16	25.42	42.35
	Cum $	100.00	117.86	130.40	169.72	212.86	303.02
S&P 500 Index - Total Return	Annual Return %		26.46	15.06	2.11	16.00	32.39
	Cum $	100.00	126.46	145.51	148.59	172.37	228.19
S&P 600 Index - Total Return	Annual Return %		25.27	26.31	1.02	14.08	41.31
	Cum $	100.00	125.27	158.60	160.22	182.78	258.29

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ITEM 6. Selected Financial Data

Thousands of Dollars, Except Per Share Data

	2013	2012	2011	2010	2009
Operations for the Year					
Net sales	$825,210	$791,188	$755,654	$737,618	$701,834
Cost of sales	607,582	575,907	557,385	573,094	530,939
Selling	91,739	85,519	81,475	74,185	70,999
General and administrative	81,956	77,906	77,136	65,968	77,297
Impairment charges(1)	—	—	1,249	72,014	5,462
Other income(2)	—	—	—	(3,827)	—
Interest — net	4,542	4,515	4,722	7,205	8,304
Total costs and expenses	785,819	743,847	721,967	788,639	693,001
Income (loss) from continuing operations before income taxes	39,391	47,341	33,687	(51,021)	8,833
Income taxes	13,389	17,379	9,182	(8,187)	1,838
Net income (loss)	$26,002	$29,962	$24,505	$(42,834)	$6,995
Net income (loss) per basic share	$0.77	$0.89	$0.71	$(1.21)	$0.20
Net income (loss) per diluted share	$0.76	$0.88	$0.71	$(1.21)	$0.20
Financial Position — At Year End					
Total assets	$469,457	$484,856	$428,757	$432,395	$509,966
Current assets	234,910	239,596	218,452	213,847	206,548
Current liabilities	150,583	114,477	110,656	106,331	169,025
Working capital	84,327	125,119	107,796	107,516	37,523
Other assets	85,069	94,777	69,371	66,733	145,000
Property, plant and equipment — net	149,478	150,483	140,934	151,815	158,418
Less:					
Long-term debt, less current portion	44,347	92,814	73,725	83,530	38,890
Other long term liabilities	14,687	17,865	14,343	5,936	5,682
Deferred income taxes	24,333	29,678	23,893	24,793	38,371
Shareholders’ Equity	235,507	230,022	206,140	211,805	257,998
Common Shares Outstanding	33,572,778	33,480,189	33,420,488	35,315,732	35,286,129
Book Value Per Common Share	$7.01	$6.87	$6.17	$6.00	$7.31
Other Data					
Dividends paid(3)	$9,103	$13,006	$9,523	$9,209	$8,436
Dividends declared per Common Share	$0.36	$0.32	$0.28	$0.26	$0.24
Average Basic Common Shares Outstanding during the year	33,588,720	33,597,020	34,584,558	35,304,817	35,266,939

(1) In 2011, the Company recorded $0.9 million of impairment charges for long-lived assets related to the Material Handling Segment and $0.3 million of impairment charges for long-lived assets in the Lawn and Garden Segment. In 2010, the Company recorded a goodwill impairment charge of $72.0 million in its Lawn and Garden Segment. In 2009, the Company had impairment charges of $5.5 million related to certain property, plant and equipment related to the restructuring plans in its manufacturing segments.

(2) In 2010, the Company recorded a non-operating gain of $3.8 million ($4.4 million, net of related expenses) related to a favorable claims settlement.

(3) Dividends in 2012 reflect the fourth quarter dividend paid in 2012, for a total of five dividend payments in calendar year 2012.

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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: Material Handling, Lawn and Garden, and Engineered Products.

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. Our 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.

Results of Operations: 2013 versus 2012

Net Sales:

(dollars in millions)

Segment	2013	2012	Change	% Change
Material Handling	$322.9	$286.0	$36.9	13 %
Lawn & Garden	204.9	205.8	(0.9)	— %
Distribution	177.4	176.6	0.8	— %
Engineered Products	137.7	141.7	(4.0)	(3)%
Intra-segment elimination	(17.7)	(18.9)	1.2	6 %
TOTAL	$825.2	$791.2	$34.0	4 %

Net sales for 2013 were $825.2 million, an increase of $34.0 million or 4% compared to the prior year. Net sales increased $33.1 million due to the acquisition sales of Plasticos Novel do Nordeste S. A. ("Novel") and Jamco Products Inc. ("Jamco") which were acquired in 2012, along with $12.6 million of improved pricing. The increase in net sales was partially offset by lower sales volumes of $4.7 million and unfavorable foreign currency translation of $7.0 million.

Net sales in the Material Handling Segment increased $36.9 million or 13% in 2013 compared to 2012. The net increase in sales was mainly attributable to the inclusion of $33.1 million of net sales from the acquisition of Novel and Jamco which were completed in the second half of 2012. Also contributing to the increase in net sales was improved pricing of $4.0 million and higher volume of $3.3 million, driven by sales in the agricultural and distribution markets. The increase in net sales noted above was partially offset by unfavorable currency translation of $3.5 million.

Net sales in the Lawn and Garden Segment in 2013 decreased $0.9 million compared to 2012. The decrease in net sales was attributable to a reduction in sales volume of $5.5 million due primarily to timing of customer orders for the coming season and production and distribution start-up issues in the fourth quarter from our rationalization plan and $3.2 million from the effect of unfavorable currency translation. The decrease in net sales was offset by improved pricing of $7.8 million to mitigate higher raw material costs.

Net sales in the Distribution Segment increased $0.8 million in 2013 compared to 2012. The increase in net sales was attributable to $1.0 million in higher sales volume, primarily in equipment and from new product introductions. This increase was offset by unfavorable currency translation of $0.2 million.

In the Engineered Products Segment, net sales in 2013 decreased $4.0 million or 3% compared to 2012. Despite strong demand in our recreational vehicle and marine markets, decreases in our custom markets resulted in lower volume of $4.6 million. This decrease in net sales was slightly offset by higher selling prices of $0.6 million.

Cost of Sales & Gross Profit:

(dollars in millions)

Cost of Sales and Gross Profit	2013	2012
Cost of sales	$607.6	$575.9
Gross profit	$217.6	$215.3

Gross profit as a percentage of sales	26.4	%	27.2	%

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Gross profit increased primarily from higher sales. Gross profit margin decreased to 26.4% for 2013 compared to 27.2% in the prior year. Productivity improvements were offset by higher raw material costs and approximately $10.0 million of additional costs for restructuring and related charges in 2013 compared to the same period in the prior year. Charges in 2013 included unabsorbed overhead costs from restructuring actions taken in our Lawn and Garden Segment in the current year. Cost of sales were also impacted by raw material costs, primarily for plastic resins, which were, on average, approximately 10% higher for polypropylene and polyethyne in 2013 compared to the prior year.
Selling, General and Administrative Expenses:

(dollars in millions)				
SG&A Expenses	2013	2012	Change	% Change
SG&A expenses	$173.7	$163.4	$10.3	6%
SG&A expenses as a percentage of sales	21.0%	20.7%		

Selling, general and administrative ("SG&A") expenses increased $10.3 million or 6% compared with 2012. The inclusion of the Novel and Jamco acquisitions in the second half of 2012 contributed $7.2 million of incremental SG&A costs in 2013 compared to the same period in the prior year. The increase in SG&A expenses in 2013 also included higher consulting costs of approximately $2.3 million, primarily related to our information technology initiatives. In addition, higher bad debt expense in 2013 as compared to 2012 was attributable to the reversal of bad debt expense in 2012 of $1.4 million from the recovery of a bad debt established in the previous year. These increases were partially offset by a reduction in freight expense of $1.1 million due to lower volumes. Also, SG&A expense for 2013 included restructuring and other related charges of $2.7 million compared to $3.4 million for severance, consulting and lease obligation costs for 2012. Gains on the sale of property sold in 2012 were $1.1 million. Shipping and handling costs, including freight, are primarily classified as SG&A expenses.
Interest Expense:

(dollars in millions)				
Net Interest Expense	2013	2012	Change	% Change
Net interest expense	$4.5	$4.5	$—	—%
Outstanding borrowings, net of deferred financing costs	$44.3	$92.8	$(48.5)	(52)%
Average borrowing rate	4.92%	4.91%		

Net interest expense was $4.5 million in both 2013 and 2012. The weighted average level of outstanding borrowings was approximately $95.1 million in 2013 compared to $91.9 million in 2012. The decrease in outstanding borrowings at December 31, 2013 compared to December 31, 2012 was primarily due to the repayment of the $35 million Senior notes and net repayment on the credit facility during 2013.
Income Taxes:

(dollars in millions)	2013	2012
Income before taxes	$39.4	$47.3
Income tax expense	$13.4	$17.4
Effective tax rate	34.0%	36.7%

The effective tax rate was 34.0% in 2013 compared to 36.7% in 2012. The 2013 effective tax rate of 34.0% reflects a $0.9 million reduction in net state and local income taxes and a $0.3 million increase in foreign tax incentives. The 2012 effective tax rate reflects approximately $0.8 million of tax benefits from changes in unrecognized tax benefits.

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Results of Operations: 2012 versus 2011

Net Sales:

(dollars in millions)

Segment	2012	2011	Change	% Change
Material Handling	$286.0	$261.8	$24.2	9 %
Lawn & Garden	205.8	217.1	(11.3)	(5)%
Distribution	176.6	183.7	(7.1)	(4)%
Engineered Products	141.7	116.2	25.5	22 %
Intra-segment elimination	(18.9)	(23.1)	4.2	18 %
TOTAL	$791.2	$755.7	$35.5	5 %

Net sales for 2012 were $791.2 million, an increase of $35.5 million or 5% compared to the prior year. Strong sales volumes of $18.6 million were driven by our Engineered Products and Material Handling segments, which more than offset declines in our Distribution and Lawn and Garden segments. In addition, $21.5 million in net sales were generated from the inclusion of our acquisitions in 2012 from the dates acquired. Net sales were negatively impacted in 2012 compared to 2011 as a result of $3.4 million in unfavorable foreign currency translation, primarily from the Brazilian real, as well as lower pricing of $1.2 million.

Net sales in the Material Handling Segment increased $24.2 million or 9% in 2012 compared to 2011. Current year net sales included $21.5 million in sales from our acquisitions of Novel on July 3, 2012 and Jamco on October 1, 2012. In addition, strong demand in the agricultural and industrial markets drove higher sales volumes of $6.6 million, including sales of new products. These net sales increases were offset by $2.7 million from the effect of unfavorable foreign currency translation and lower pricing of $1.2 million.

Net sales in the Lawn and Garden Segment in 2012 decreased $11.3 million or 5% compared to 2011. The decrease in net sales reflected lower volume of $9.5 million resulting from actions taken by our customers in 2012 such as inventory depletion and reduced production during the planting season. A shift in customer demand from the fourth quarter of 2012 into 2013 also contributed to the decline in net sales year-over-year. Net sales were also lower in 2012 compared to 2011 due to lower pricing of $1.2 million and approximately $0.6 million from the effect of unfavorable foreign currency translation.

Net sales in the Distribution Segment decreased $7.1 million or 4% in 2012 compared to 2011. The reduction in net sales was almost entirely due to lower sales volume, driven by a decline in the industry's replacement tire shipments and lower equipment sales, as a result of market softness in the first half of 2012.

In the Engineered Products Segment, net sales in 2012 increased $25.5 million or 22% compared to 2011. The increase in net sales was due to higher sales volumes of $24.2 million from strong demand in the automotive, recreational vehicle, marine and contract manufacturing markets. Higher selling prices of $1.3 million also contributed to the increase.

Cost of Sales & Gross Profit:

(dollars in millions)

Cost of Sales and Gross Profit	2012	2011
Cost of sales	$575.9	$557.4
Gross profit	$215.3	$198.3
Gross profit as a percentage of sales	27.2 %	26.2 %

Gross profit margin increased to 27.2% for 2012 compared to 26.2% in the prior year. Increased sales, productivity improvements, raw material substitutions and decreased manufacturing costs resulted in higher gross profit and gross profit margin year-over-year. Manufacturing efficiencies were attained from executing our operations excellence initiatives in our Lawn and Garden Segment that offset a portion of the margin lost due to lower sales and in our other segments, primarily the Material Handling Segment.

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Selling, General and Administrative Expenses:

(dollars in millions)				
SG&A Expenses	2012	2011	Change	% Change
SG&A expenses	$163.4	$158.6	$4.8	3 %
SG&A expenses as a percentage of sales	20.7 %	21.0 %		

SG&A expenses increased $4.8 million or 3% compared with 2011. Excluding the $4.8 million increase in SG&A expenses from the two acquisitions in 2012 as of the dates acquired, SG&A was flat year-over-year. SG&A expenses in 2012 included increased employee related costs, primarily medical of $2.2 million and $2.4 million of higher distribution and selling costs. These increases were offset by a reduction of approximately $3.0 million in bad debt expense, primarily due to the recovery in 2012 of a bad debt recorded in 2011. SG&A expense in 2012 also included restructuring and other related charges of $3.4 million for severance, consulting and lease obligation costs. SG&A expense in 2011 included restructuring charges of $2.7 million and charges of $1.9 million related to an environmental investigation and feasibility study at New Idria. In 2012 and 2011, gains of $1.1 million and $0.7 million, respectively, were realized from the sale of facilities and other assets. Shipping and handling costs, including freight, are primarily classified as SG&A expenses.

Impairment Charges:

In 2011, there were impairment charges of $1.2 million related to two closed manufacturing facilities and fixed asset impairment charges. There were no impairment charges in 2012.

Interest Expense:

(dollars in millions)				
Net Interest Expense	2012	2011	Change	% Change
Net interest expense	$4.5	$4.7	$(0.2)	(4)%
Outstanding borrowings	$92.8	$74.0	$18.8	25 %
Average borrowing rate	4.91 %	5.22 %		

Net interest expense in 2012 was $4.5 million, a decrease of 4% compared to the prior year. Outstanding borrowings were $18.8 million higher in 2012 versus 2011, although the lower average borrowing rate from the mix of the debt outstanding resulted in a reduction of interest expense. The increase in outstanding debt from 2011 to 2012 was primarily to fund our acquisitions in the current year.

Income Taxes:

(dollars in millions)	2012	2011
Income before taxes	$47.3	$33.7
Income tax expense	$17.4	$9.2
Effective tax rate	36.7 %	27.3 %

The effective tax rate was 36.7% in 2012 compared to 27.3% in 2011. The 2012 effective tax rate of 36.7% reflects an increase in net state tax expense of $2.7 million. The 2011 effective tax rate reflects the Company's reversal of approximately $4.9 million of previously unrecognized tax benefits, primarily related to the incurred loss on the sale of its European Material Handling business in 2007 and other tax adjustments, including provision to return adjustments resulting from changes in estimates.

Acquisitions

In October 2012, the Company acquired 100% of the stock of Jamco, an Illinois corporation for $15.2 million. The purchase price included a cash payment of $15.1 million, net of $0.1 million in cash acquired. Jamco is a leading designer and manufacturer of heavy-duty industrial steel carts and safety cabinets. The Company has made preliminary estimates of the valuation of assets and intangible assets of purchase price allocation. The business is included in the Material Handling Segment.

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In July 2012, the Company acquired 100% of the stock of Novel, a Brazil-based designer and manufacturer of reusable plastic crates and containers used for closed-loop shipping and storage. Novel also produces a diverse range of plastic industrial safety products. The total purchase price was approximately $30.9 million, which includes a cash payment of $3.4 million, net of $0.6 million of cash acquired, assumed debt of approximately $26.0 million and contingent consideration of $0.9 million based on an earnout. The contingent consideration, which is recorded in Other Liabilities in the Consolidated Statements of Financial Position is dependent upon the results of Novel exceeding predefined earnings before interest, taxes, depreciation and amortization over the next four years. The business is included in the Material Handling Segment.

Financial Condition & Liquidity and Capital Resources

Cash provided by operating activities was $96.1 million for the year ended December 31, 2013 compared to $60.8 million in 2012. The increase of $35.3 million was primarily attributable to cash flows from improved working capital and higher non-cash charges in comparison with the prior year. Net income was $26.0 million in 2013 compared to $30.0 million in 2012. Non-cash charges including depreciation and amortization were $38.6 million in 2013 compared to non-cash charges of $39.5 million in 2012.

Cash provided by working capital was $33.1 million in 2013 compared to cash used of $8.4 million in 2012. In 2013, cash used for inventories was approximately $1.6 million compared to $2.8 million in 2012. In 2013, the use of funds for accounts receivable decreased to $0.7 million compared to the use of $2.0 million in 2012. In addition, as a result of timing of payments and vendor terms management, there was an increase of $36.3 million in cash provided by accounts payable and accrued expenses in 2013 compared to 2012.

Capital expenditures were approximately $30.0 million