

VIAD CORP  
Form 10-Q  
August 07, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2015

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-11015

Viad Corp  
(Exact name of registrant as specified in its charter)

Delaware  
State or other jurisdiction of  
incorporation or organization

36-1169950  
(I.R.S. Employer  
Identification No.)

1850 North Central Avenue, Suite 1900  
Phoenix, Arizona  
(Address of principal executive offices)  
(602) 207-1000

85004-4565  
(Zip Code)

(Registrant's telephone number, including area code)

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 such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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  No

Indicate by check mark whether registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

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

As of July 31, 2015, there were 20,079,298 shares of Common Stock (\$1.50 par value) outstanding.



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## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

## VIAD CORP

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands, except share data)	As of June 30, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	\$64,857	\$56,990
Accounts receivable, net of allowance for doubtful accounts of \$2,157 and \$1,258, respectively	120,491	78,121
Inventories	30,505	32,401
Deferred income taxes	23,042	22,943
Other current assets	19,551	17,440
Total current assets	258,446	207,895
Property and equipment, net	192,009	199,571
Other investments and assets	40,809	40,674
Deferred income taxes	28,638	29,639
Goodwill	190,035	194,197
Other intangible assets, net	37,374	42,967
Total Assets	\$747,311	\$714,943
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$84,207	\$61,789
Customer deposits	41,886	32,720
Accrued compensation	20,508	20,736
Other current liabilities	35,526	27,787
Current portion of debt and capital lease obligations	29,532	27,856
Total current liabilities	211,659	170,888
Long-term debt and capital lease obligations	103,732	113,164
Pension and postretirement benefits	32,951	33,427
Other deferred items and liabilities	47,392	49,762
Total liabilities	395,734	367,241
Commitments and contingencies		
Stockholders' equity		
Viad stockholders' equity:		
Common stock, \$1.50 par value, 200,000,000 shares authorized, 24,934,981 shares issued	37,402	37,402
Additional capital	577,315	582,066
Retained deficit	(20,104	) (36,427
Unearned employee benefits and other	23	23
Accumulated other comprehensive income (loss):		
Unrealized gain on investments	605	471
Cumulative foreign currency translation adjustments	789	12,416
Unrecognized net actuarial loss and prior service credit, net	(13,311	) (13,476
Common stock in treasury, at cost, 4,848,238 and 4,842,621 shares, respectively	(243,283	) (247,088

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Total Viad stockholders' equity	339,436	335,387
Noncontrolling interest	12,141	12,315
Total stockholders' equity	351,577	347,702
Total Liabilities and Stockholders' Equity	\$747,311	\$714,943
Refer to Notes to Condensed Consolidated Financial Statements.		

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VIAD CORP  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
 (Unaudited)

(in thousands, except per share data)	Three Months Ended		Six Months Ended	
	June 30, 2015	2014	June 30, 2015	2014
Revenue:				
Exhibition and event services	\$237,614	\$185,486	\$450,866	\$417,269
Exhibits and environments	48,955	41,100	92,631	87,140
Travel and recreation services	30,466	29,805	37,934	37,623
Total revenue	317,035	256,391	581,431	542,032
Costs and expenses:				
Costs of services	236,868	200,635	462,129	430,217
Costs of products sold	43,881	41,620	84,141	84,318
Corporate activities	1,983	1,991	4,793	4,030
Interest income	(443	) (54	) (506	) (119
Interest expense	1,103	309	2,254	607
Restructuring charges	1,069	1,365	1,285	1,576
Impairment charges	—	884	—	884
Total costs and expenses	284,461	246,750	554,096	521,513
Income from continuing operations before income taxes	32,574	9,641	27,335	20,519
Income tax expense	10,372	1,796	7,105	3,493
Income from continuing operations	22,202	7,845	20,230	17,026
Income (loss) from discontinued operations	78	(1,236	) (70	) 14,002
Net income	22,280	6,609	20,160	31,028
Net loss (income) attributable to noncontrolling interest	109	133	173	(2,404
Net income attributable to Viad	\$22,389	\$6,742	\$20,333	\$28,624
Diluted income (loss) per common share:				
Continuing operations attributable to Viad common stockholders	\$1.11	\$0.39	\$1.02	\$0.85
Discontinued operations attributable to Viad common stockholders	0.01	(0.06	) (0.01	) 0.56
Net income attributable to Viad common stockholders	\$1.12	\$0.33	\$1.01	\$1.41
Weighted-average outstanding and potentially dilutive common shares	19,918	20,149	19,933	20,262
Basic income (loss) per common share:				
Continuing operations attributable to Viad common stockholders	\$1.11	\$0.39	\$1.02	\$0.85
Discontinued operations attributable to Viad common stockholders	0.01	(0.06	) (0.01	) 0.56
Net income attributable to Viad common stockholders	\$1.12	\$0.33	\$1.01	\$1.41
Weighted-average outstanding common shares	19,778	19,869	19,757	19,909
Dividends declared per common share	\$0.10	\$0.10	\$0.20	\$1.70
Amounts attributable to Viad common stockholders				
Income from continuing operations	\$22,311	\$7,978	\$20,403	\$17,290
Income (loss) from discontinued operations	78	(1,236	) (70	) 11,334
Net income	\$22,389	\$6,742	\$20,333	\$28,624

Refer to Notes to Condensed Consolidated Financial Statements.



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VIAD CORP  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (Unaudited)

(in thousands)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Net income	\$22,280	\$6,609	\$20,160	\$31,028
Other comprehensive income:				
Unrealized gains (losses) on investments, net of tax <sup>(1)</sup>	(26	) 41	133	50
Unrealized foreign currency translation adjustments, net of tax <sup>(1)</sup>	5,953	6,582	(11,626	) (151
Amortization of net actuarial gain, net of tax <sup>(1)</sup>	168	127	336	255
Amortization of prior service credit, net of tax <sup>(1)</sup>	(85	) (126	) (171	) (218
Comprehensive income	28,290	13,233	8,832	30,964
Comprehensive (income) loss attributable to noncontrolling interest	109	133	173	(2,404
Comprehensive income attributable to Viad	\$28,399	\$13,366	\$9,005	\$28,560

<sup>(1)</sup> The tax effect on other comprehensive income is not significant.

Refer to Notes to Condensed Consolidated Financial Statements.



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VIAD CORP  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (Unaudited)

(in thousands)	Six Months Ended		
	June 30, 2015	2014	
Cash flows from operating activities			
Net income	\$20,160	\$31,028	
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	17,870	13,959	
Deferred income taxes	(1,147	) 8,521	
(Income) loss from discontinued operations	70	(14,002	)
Restructuring charges	1,285	1,576	
Impairment charges	—	884	
Gains on dispositions of property and other assets	(222	) (391	)
Share-based compensation expense	2,106		