

VIAD CORP
Form 10-Q
November 06, 2017

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 September 30, 2017

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	36-1169950
State or other jurisdiction of	(I.R.S. Employer
incorporation or organization	Identification No.)
1850 North Central Avenue, Suite 1900	
Phoenix, Arizona	85004-4565
(Address of principal executive offices)	(Zip Code)

(602) 207-1000

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address, and former fiscal year, if changed since last report)

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, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of October 27, 2017, there were 20,411,480 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)	September 30, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	\$ 53,481	\$ 20,900
Accounts receivable, net of allowances for doubtful accounts of \$1,897 and \$1,342, respectively	129,105	104,648
Inventories	39,753	31,420
Other current assets	23,973	18,449
Total current assets	246,312	175,417
Property and equipment, net	295,757	279,858
Other investments and assets	46,745	44,297
Deferred income taxes	34,391	42,549
Goodwill	263,919	254,022
Other intangible assets, net	65,672	73,673
Total Assets	\$ 952,796	\$ 869,816
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 88,510	\$ 67,596
Customer deposits	53,093	42,723
Accrued compensation	28,094	29,913
Other current liabilities	52,318	30,390
Current portion of debt and capital lease obligations	124,574	174,968
Total current liabilities	346,589	345,590
Long-term debt and capital lease obligations	60,627	74,243
Pension and postretirement benefits	26,826	28,611
Other deferred items and liabilities	50,260	50,734
Total liabilities	484,302	499,178
Commitments and contingencies		
Stockholders' equity		
Viad Corp stockholders' equity:		
Common stock, \$1.50 par value, 200,000,000 shares authorized, 24,934,981 shares issued and outstanding	37,402	37,402
Additional capital	573,660	573,841
Retained earnings	89,552	16,291

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Unearned employee benefits and other	239	172
Accumulated other comprehensive income (loss):		
Unrealized gain on investments	564	421
Cumulative foreign currency translation adjustments	(10,264)	(29,084)
Unrecognized net actuarial loss and prior service credit, net	(10,544)	(10,728)
Common stock in treasury, at cost, 4,519,023 and 4,613,520 shares, respectively	(226,145)	(230,960)
Total Viad Corp stockholders' equity	454,464	357,355
Noncontrolling interest	14,030	13,283
Total stockholders' equity	468,494	370,638
Total Liabilities and Stockholders' Equity	\$ 952,796	\$ 869,816

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		Nine Months Ended	
	September 30, 2017	2016	September 30, 2017	2016
Revenue:				
Exhibition and event services	\$ 198,868	\$ 240,278	\$ 750,111	\$ 681,592
Exhibits and environments	33,251	44,785	119,988	123,871
Pursuit services	106,980	97,402	159,581	143,111
Total revenue	339,099	382,465	1,029,680	948,574
Costs and expenses:				
Costs of services	254,963	278,764	813,456	743,032
Costs of products sold	37,070	44,784	117,072	118,891
Business interruption gain	(1,091)	—	(2,231)	—
Corporate activities	4,474	2,772	10,092	7,390
Interest income	(74)	(44)	(174)	(138)
Interest expense	2,117	1,489	6,281	4,109
Restructuring charges	255	1,697	817	3,664
Impairment charges (recoveries)	(24,467)	120	(29,098)	120
Total costs and expenses	273,247	329,582	916,215	877,068
Income from continuing operations before income taxes	65,852	52,883	113,465	71,506
Income tax expense	20,010	17,878	32,929	23,652
Income from continuing operations	45,842	35,005	80,536	47,854
Loss from discontinued operations	(101)	(221)	(408)	(771)
Net income	45,741	34,784	80,128	47,083
Net income attributable to noncontrolling interest	(1,084)	(992)	(747)	(765)
Net income attributable to Viad	\$ 44,657	\$ 33,792	\$ 79,381	\$ 46,318
Diluted income per common share:				
Continuing operations attributable to Viad common stockholders	\$ 2.19	\$ 1.68	\$ 3.91	\$ 2.33
Discontinued operations attributable to Viad common stockholders	—	(0.01)	(0.02)	(0.04)
Net income attributable to Viad common stockholders	\$ 2.19	\$ 1.67	\$ 3.89	\$ 2.29
Weighted-average outstanding and potentially dilutive common shares				