

VIAD CORP  
Form 10-Q  
August 08, 2012

**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, 2012

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)

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**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)

**85004-4565**  
(Zip Code)

**(602) 207-1000**

(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 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 ☐ No ☐

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 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 ☐ (Do not check if a smaller reporting company) Small reporting company ☐  
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 31, 2012, there were 20,258,904 shares of common stock (\$1.50 par value) outstanding.

## PART I FINANCIAL INFORMATION

## Item 1. Financial Statements.

## VIAD CORP

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	June 30, 2012	December 31, 2011
	(in thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 78,024	\$ 100,376
Accounts receivable, net of allowance for doubtful accounts of \$1,290 and \$1,072, respectively	86,312	63,583
Inventories	48,990	35,825
Deferred income taxes	21,622	24,200
Other current assets	23,629	14,647
Total current assets	258,577	238,631
Property and equipment, net	193,549	173,813
Other investments and assets	30,129	31,051
Deferred income taxes	37,086	38,755
Goodwill	135,893	133,694
Other intangible assets, net	2,860	1,884
Total Assets	\$ 658,094	\$ 617,828
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 67,234	\$ 51,448
Other current liabilities	112,104	97,331
Current portion of long-term debt and capital lease obligations	1,578	2,018
Total current liabilities	180,916	150,797
Long-term debt and capital lease obligations	990	1,221
Pension and postretirement benefits	35,531	35,419
Other deferred items and liabilities	46,468	44,212
Total liabilities	263,905	231,649
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Viad Corp stockholders' equity:		
Common stock, \$1.50 par value, 200,000,000 shares authorized, 24,934,981 shares issued	37,402	37,402
Additional capital	592,233	599,188
Retained deficit	(7,763)	(13,256)
Unearned employee benefits and other	(2,300)	(2,951)
Accumulated other comprehensive income (loss):		
Unrealized gains on investments	273	222
Cumulative foreign currency translation adjustments	35,644	34,648
Unrecognized net actuarial loss and prior service credit	(12,972)	(12,977)
Common stock in treasury, at cost, 4,673,952 and 4,790,920 shares, respectively	(256,150)	(264,382)

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Total Viad Corp stockholders' equity	386,367	377,894
Noncontrolling interest	7,822	8,285
Total stockholders' equity	394,189	386,179
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 658,094</b>	<b>\$ 617,828</b>

See Notes to Condensed Consolidated Financial Statements.

## VIAD CORP

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	(in thousands, except per share data)			
Revenues:				
Convention and event services	\$ 170,195	\$ 174,319	\$ 386,083	\$ 408,806
Exhibits and environments	46,746	40,416	92,902	90,267
Travel and recreation services	29,509	23,957	36,237	29,717
<b>Total revenues</b>	<b>246,450</b>	<b>238,692</b>	<b>515,222</b>	<b>528,790</b>
Costs and expenses:				
Costs of services	192,844	190,238	414,953	415,037
Costs of products sold	43,108	38,592	84,238	86,632
Corporate activities	2,187	1,576	3,964	2,847
Interest income	(123)	(176)	(292)	(390)
Interest expense	302	380	660	792
Restructuring charges	678	1,206	2,903	1,475
<b>Total costs and expenses</b>	<b>238,996</b>	<b>231,816</b>	<b>506,426</b>	<b>506,393</b>
Income from continuing operations before income taxes	7,454	6,876	8,796	22,397
Income tax expense	2,253	2,588	2,780	8,488
Income from continuing operations	5,201	4,288	6,016	13,909
Income from discontinued operations	639		639	
Net income	5,840	4,288	6,655	13,909
Net loss attributable to noncontrolling interest	250	197	462	363
<b>Net income attributable to Viad</b>	<b>\$ 6,090</b>	<b>\$ 4,485</b>	<b>\$ 7,117</b>	<b>\$ 14,272</b>
Diluted income per common share				
Income from continuing operations attributable to Viad common stockholders	\$ 0.27	\$ 0.22	\$ 0.32	\$ 0.70
Income from discontinued operations attributable to Viad common stockholders	0.03		0.03	
<b>Net income attributable to Viad common stockholders</b>	<b>\$ 0.30</b>	<b>\$ 0.22</b>	<b>\$ 0.35</b>	<b>\$ 0.70</b>
Weighted-average outstanding and potentially dilutive common shares	19,961	20,121	19,950	20,102
Basic income per common share				
Income from continuing operations attributable to Viad common stockholders	\$ 0.27	\$ 0.22	\$ 0.32	\$ 0.70
Income from discontinued operations attributable to Viad common stockholders	0.03		0.03	
<b>Net income attributable to Viad common stockholders</b>	<b>\$ 0.30</b>	<b>\$ 0.22</b>	<b>\$ 0.35</b>	<b>\$ 0.70</b>
Weighted-average outstanding common shares	19,716	19,816	19,680	19,797

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Dividends declared per common share	\$ 0.04	\$ 0.04	\$ 0.08	\$ 0.08
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## Amounts attributable to Viad common stockholders

Income from continuing operations	\$ 5,451	\$ 4,485	\$ 6,478	\$ 14,272
Income from discontinued operations	639		639	

Net income	\$ 6,090	\$ 4,485	\$ 7,117	\$ 14,272
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See Notes to Condensed Consolidated Financial Statements.

**VIAD CORP**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**(Unaudited)**

	Three months ended June 30, 2012		Six months ended June 30, 2011	
	2012	2011	2012	2011
	(in thousands)			
Net income	\$ 5,840	\$ 4,288	\$ 6,655	\$ 13,909
Other comprehensive income:				
Unrealized gain (loss) on investments, net of tax	(42)	3	51	61
Unrealized foreign currency translation adjustments, net of tax				