VIAD CORP
Form 10-Q
November 06, 2015

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

FORM 10-Q

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 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<br>State or other jurisdiction of<br>incorporation or organization | 36-1169950<br>(I.R.S. Employer<br>Identification No.) |
| 1850 North Central Avenue, Suite 1900<br>Phoenix, Arizona<br>(Address of principal executive offices) | 85004-4565<br>(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 ý 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 ý 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 | ý |
| 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

As of October 30, 2015, there were 20,136,583 shares of Common Stock ($1.50 par value) outstanding.

Table of Contents

INDEX


| | | Page |
|---|---|---|
| PART I - FINANCIAL INFORMATION | | |
| Item 1. | Financial Statements | 1 |
| | Condensed Consolidated Balance Sheets as of September 30, 2015 and December 31, 2014 | 1 |
| | Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2015 and 2014 | 2 |
| | Condensed Consolidated Statements of Comprehensive Income (Loss) for the Three and Nine Months Ended September 30, 2015 and 2014 | 3 |
| | Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2015 and 2014 | 4 |
| | Notes to Condensed Consolidated Financial Statements | 5 |
| Item 2. | Management's Discussion and Analysis of Financial Condition and Results of Operations | 26 |
| Item 3. | Quantitative and Qualitative Disclosures About Market Risk | 39 |
| Item 4. | Controls and Procedures | 40 |
| PART II - OTHER INFORMATION | | |
| Item 1. | Legal Proceedings | 41 |
| Item 1A. | Risk Factors | 41 |
| Item 2. | Unregistered Sales of Equity Securities and Use of Proceeds | 41 |
| Item 6. | Exhibits | 41 |
| SIGNATURES | | 42 |

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS
VIAD CORP
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

| (in thousands, except share data) | As of September 30, 2015 | December 31, 2014 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | $75,313 | $56,990 |
| Accounts receivable, net of allowance for doubtful accounts of $1,640 and $1,258, respectively | 105,514 | 78,121 |
| Inventories | 38,659 | 32,401 |
| Deferred income taxes | 23,042 | 22,943 |
| Other current assets | 18,574 | 17,440 |
| Total current assets | 261,102 | 207,895 |
| Property and equipment, net | 185,848 | 199,571 |
| Other investments and assets | 39,790 | 40,674 |
| Deferred income taxes | 28,064 | 29,639 |
| Goodwill | 186,319 | 194,197 |
| Other intangible assets, net | 35,278 | 42,967 |
| Total Assets | $736,401 | $714,943 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities | | |
| Accounts payable | $76,092 | $61,789 |
| Customer deposits | 56,338 | 32,720 |
| Accrued compensation | 25,464 | 20,736 |
| Other current liabilities | 34,364 | 27,787 |
| Current portion of debt and capital lease obligations | 18,489 | 27,856 |
| Total current liabilities | 210,747 | 170,888 |
| Long-term debt and capital lease obligations | 98,418 | 113,164 |
| Pension and postretirement benefits | 32,766 | 33,427 |
| Other deferred items and liabilities | 47,139 | 49,762 |
| Total liabilities | 389,070 | 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 | 576,598 | 582,066 |
| Retained deficit | (14,886) | (36,427) |
| Unearned employee benefits and other | 111 | 23 |
| Accumulated other comprehensive income (loss): | | |
| Unrealized gain on investments | 451 | 471 |
| Cumulative foreign currency translation adjustments | (10,701) | 12,416 |
| Unrecognized net actuarial loss and prior service credit, net | (13,258) | (13,476) |
| Common stock in treasury, at cost, 4,807,098 and 4,842,621 shares, respectively | (241,215) | (247,088) |

| | | |
|---|---|---|
| Total Viad stockholders’ equity | 334,502 | 335,387 |
| Noncontrolling interest | 12,829 | 12,315 |
| Total stockholders’ equity | 347,331 | 347,702 |
| Total Liabilities and Stockholders’ Equity | $736,401 | $714,943 |

Refer to Notes to Condensed Consolidated Financial Statements.

Table of Contents

VIAD CORP
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| (in thousands, except per share data) | 2015 | 2014 | 2015 | 2014 |
| Revenue: | | | | |
| Exhibition and event services | $152,664 | $188,005 | $603,530 | $605,274 |
| Exhibits and environments | 36,199 | 38,657 | 128,830 | 125,797 |
| Travel and recreation services | 67,083 | 73,140 | 105,017 | 110,763 |
| Total revenue | 255,946 | 299,802 | 837,377 | 841,834 |
| Costs and expenses: | | | | |
| Costs of services | 205,227 | 228,285 | 667,356 | 658,502 |
| Costs of products sold | 36,148 | 38,503 | 120,289 | 122,821 |
| Corporate activities | 1,354 | 3,468 | 6,147 | 7,498 |
| Interest income | (65) | (81) | (571) | (200) |
| Interest expense | 1,198 | 462 | 3,452 | 1,069 |
| Restructuring charges | 257 | 238 | 1,542 | 1,814 |
| Impairment charges | — | — | — | 884 |
| Total costs and expenses | 244,119 | 270,875 | 798,215 | 792,388 |
| Income from continuing operations before income taxes | 11,827 | 28,927 | 39,162 | 49,446 |
| Income tax expense (benefit) | 3,746 | (2,623) | 10,851 | 870 |
| Income from continuing operations | 8,081 | 31,550 | 28,311 | 48,576 |
| Income (loss) from discontinued operations | (163) | (979) | (233) | 13,023 |
| Net income | 7,918 | 30,571 | 28,078 | 61,599 |
| Net income attributable to noncontrolling interest | (688) | (951) | (515) | (3,355) |
| Net income attributable to Viad | $7,230 | $29,620 | $27,563 | $58,244 |
| Diluted income (loss) per common share: | | | | |
| Continuing operations attributable to Viad common stockholders | $0.37 | $1.53 | $1.38 | $2.38 |
| Discontinued operations attributable to Viad common stockholders | (0.01) | (0.05) | (0.01) | 0.50 |
| Net income attributable to Viad common stockholders | $0.36 | $1.48 | $1.37 | $2.88 |
| Weighted-average outstanding and potentially dilutive common shares | 19,974 | 19,954 | 19,946 | 20,174 |
| Basic income (loss) per common share: | | | | |
| Continuing operations attributable to Viad common stockholders | $0.37 | $1.53 | $1.38 | $2.38 |
| Discontinued operations attributable to Viad common stockholders | (0.01) | (0.05) | (0.01) | 0.50 |
| Net income attributable to Viad common stockholders | $0.36 | $1.48 | $1.37 | $2.88 |
| Weighted-average outstanding common shares | 19,831 | 19,679 | 19,782 | 19,832 |
| Dividends declared per common share | $0.10 | $0.10 | $0.30 | $1.80 |
| Amounts attributable to Viad common stockholders | | | | |
| Income from continuing operations | $7,393 | $30,756 | $27,796 | $48,046 |
| Income (loss) from discontinued operations | (163) | (1,136) | (233) | 10,198 |
| Net income | $7,230 | $29,620 | $27,563 | $58,244 |

Refer to Notes to Condensed Consolidated Financial Statements.

2

Table of Contents

VIAD CORP
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| (in thousands) | 2015 | 2014 | 2015 | 2014 |
| Net income | $7,918 | $30,571 | $28,078 | $61,599 |
| Other comprehensive income (loss): | | | | |
| Unrealized losses on investments, net of tax[1] | (153) | (67) | (20) | (17) |
| Unrealized foreign currency translation adjustments, net of tax[1] | (11,491) | (9,799) | (23,117) | (9,950) |
| Amortization of net actuarial gain, net of tax[1] | 139 | 183 | 475 | 438 |
| Amortization of prior service credit, net of tax[1] | (86) | (252) | (257) | (470) |
| Comprehensive income (loss) | (3,673) | 20,636 | 5,159 | 51,600 |
| Comprehensive income attributable to noncontrolling interest | (688) | (951) | (515) | (3,355) |
| Comprehensive income (loss) attributable to Viad | $(4,361) | $19,685 | $4,644 | $48,245 |

[1] The tax effect on other comprehensive income (loss) is not significant.
Refer to Notes to Condensed Consolidated Financial Statements.

Table of Contents

VIAD CORP
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

| | Nine Months Ended September 30, | |
|---|---|---|
| (in thousands) | 2015 | 2014 |
| Cash flows from operating activities | | |
| Net income | $28,078 | $61,599 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 27,040 | 21,853 |
| Deferred income taxes | (1,128) | (1,291) |
| (Income) loss from discontinued operations | 233 | (13,023) |
| Restructuring charges | 1,542 | 1,814 |
| Impairment charges | — | 884 |
| Gains on dispositions of property and other assets | (307) | (392) |
| Share-based compensation expense | 3,131 | 1,562 |
| Excess tax benefit from share-based compensation arrangements | (13) | (41) |
| Other non-cash items, net | 4,427 | 7,689 |
| Change in operating assets and liabilities (excluding the impact of acquisitions): | | |
| Receivables | (27,956) | (29,933) |
| Inventories | (6,258) | (7,052) |
| Accounts payable | 14,899 | 27,301 |
| Restructuring liabilities | (1,888) | (4,268) |
| Accrued compensation | 3,385 | 4,053 |
| Customer deposits | 23,618 | 18,267 |
| Income taxes payable | 2,641 | 4,273 |
| Other assets and liabilities, net | 4,899 | (11,283) |
| Net cash provided by operating activities | 76,343 | 82,012 |
| Cash flows from investing activities | | |
| Capital expenditures | (19,030) | (21,898) |
| Cash paid for acquired business | (430) | (40,775) |
| Proceeds from dispositions of property and other assets | 844 | 502 |
| Proceeds from possessory interest and personal property—discontinued operations | — | 28,000 |
| Net cash used in investing activities | (18,616) | (34,171) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 35,000 | 68,000 |
| Payments on debt and capital lease obligations | (58,981) | (56,196) |
| Acquisition of business - deferred consideration | (896) | — |
| Dividends paid on common stock | (6,020) | (36,374) |
| Common stock purchased for treasury | (4,776) | (11,631) |
| Excess tax benefit from share-based compensation arrangements | 13 | 41 |
| Proceeds from exercise of stock options | 1,041 | 1,155 |
| Net cash used in financing activities | (34,619) | (35,005) |
| Effect of exchange rate changes on cash and cash equivalents | (4,785) | (1,739) |
| Net change in cash and cash equivalents | 18,323 | 11,097 |
| Cash and cash equivalents, beginning of year | 56,990 | 45,821 |
| Cash and cash equivalents, end of period | $75,313 | $56,918 |
| Supplemental disclosure of cash flow information | | |
| Cash paid for income taxes | $6,835 | $6,409 |

| | | |
|---|---|---|
| Cash paid for interest | $3,220 | $880 |
| Property and equipment acquired under capital leases | $618 | $541 |
| Property and equipment purchases in accounts payable and accrued liabilities | $184 | $230 |

Refer to Notes to Condensed Consolidated Financial Statements.

Table of Contents

VIAD CORP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
Note 1. Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements of Viad Corp ("Viad" or the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, these financial statements do not include all of the information required by GAAP or Securities and Exchange Commission ("SEC") rules and regulations for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results for the interim periods presented. Interim results are not necessarily indicative of the results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with Viad's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC on March 13, 2015.

The condensed consolidated financial statements include the accounts of Viad and its subsidiaries. All significant intercompany account balances and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. These estimates and assumptions include, but are not limited to: fair value of Viad's reporting units used to perform annual impairment testing of recorded goodwill; allowances for uncollectible accounts receivable; provisions for income taxes (including uncertain tax positions); valuation allowances related to deferred tax assets; liabilities for losses related to self-insured liability claims and environmental remediation obligations; sublease income associated with restructuring liabilities; assumptions used to measure pension and postretirement benefit costs and obligations and share-based compensation costs under the fair value method; and allocation of purchase price of acquired businesses. Actual results could differ from these and other estimates.

Nature of Business

Viad's reportable segments consist of Marketing & Events U.S. Segment, Marketing & Events International Segment(collectively, the "Marketing & Events Group") and the Travel & Recreation Group.

Marketing & Events Group

The Marketing & Events Group, comprised of Global Experience Specialists, Inc. and affiliates ("GES"), is a global full-service provider for live events that helps clients gain more awareness, more engagement and a greater return at their events. The Marketing & Events Group offers a complete range of services, from design and production of immersive environments and brand-based experiences, to material handling, rigging, electrical, and other on-site services for clients, including show organizers, corporate brand marketers, and retail shopping centers. In addition, the Marketing & Events Group offers clients a full suite of online tools and technologies to help them more easily manage the complexities of their events. Show organizers include for-profit and not-for-profit show owners as well as show management companies. Corporate brand marketers include exhibitors and domestic and international corporations that want to promote their brands, services and innovations, feature new products, and build business relationships. Viad's retail shopping center customers include major developers, owners, and management companies of shopping malls and leisure centers.

The Company completed the following acquisitions in 2014:

- Blitz. In September 2014, the Company acquired Blitz Communications Group Limited and its affiliates (collectively, "Blitz");
- onPeak. In October 2014, the Company acquired onPeak LLC and Travel Planners, Inc. with Travel Planners, Inc. merging into onPeak LLC (collectively, "onPeak") in January 2015; and
- N200. In November 2014, the Company acquired N200 Limited and its affiliates (collectively, "N200").

Refer to Note 3 - Acquisition of Businesses for additional information on the Company's 2014 acquisitions.

Table of Contents

Travel & Recreation Group

The Travel & Recreation Group consists of Brewster Inc. (“Brewster”), Glacier Park, Inc. (“Glacier Park”) and Alaskan Park Properties, Inc. (“Alaska Denali Travel”).

Brewster provides tourism products and experiential services in the Canadian Rockies in Alberta and in other parts of Western Canada. Brewster’s operations include the Banff Gondola, Columbia Icefield Glacier Adventure, Glacier Skywalk, Banff Lake Cruise, motorcoach services, charter and sightseeing services, inbound package tour operations, and hotel operations.

Glacier Park, an 80 percent owned subsidiary of Viad, owns and operates seven properties, with accommodation offerings varying from hikers’ cabins to hotel suites, including St. Mary Lodge, a full-service resort located outside the east entrance to Glacier National Park in St. Mary, Montana; Glacier Park Lodge, a historic lodge in East Glacier, Montana; Grouse Mountain Lodge, a full-season lodge offering golf, skiing, hiking, and other seasonal recreational activities, located near Glacier National Park in Whitefish, Montana; Prince of Wales Hotel in Waterton Lakes National Park, Alberta, Canada, which is situated on land for which the Company has a 42-year ground lease with the Canadian government running through January 31, 2052; West Glacier Motel & Cabins in West Glacier, Montana; Motel Lake McDonald located inside Glacier National Park; and Apgar Village Lodge located inside Glacier National Park. Glacier Park also operates the food and beverage services with respect to those properties and the retail shops located near Glacier National Park. Refer to Note 20 - Discontinued Operations for additional information on the expiration of Glacier Park’s concession operations within Glacier National Park.

In July 2014, the Company acquired the West Glacier Motel & Cabins, the Apgar Village Lodge and related land, food and beverage services and retail operations (collectively, the “West Glacier Properties”). Refer to Note 3 - Acquisition of Businesses for additional information.

Alaska Denali Travel operates the Denali Backcountry Lodge and Denali Cabins. In addition to lodging, Alaska Denali Travel also provides food and beverage operations and package tour and transportation services in and around Denali National Park and Preserve.

Impact of Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”). The standard establishes a new recognition model that requires revenue to be recognized in a manner to depict the transfer of goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for those goods or services. The Company may adopt the requirements of ASU 2014-09 using either of two acceptable methods: (1) retrospective adoption to each prior period presented with the option to elect certain practical expedients; or (2) adoption with the cumulative effect recognized at the date of initial application and providing certain disclosures. In July 2015, the FASB approved a one-year deferral of the effective date of the new standard, making it effective for our annual and interim reporting periods beginning January 1, 2018. The Company is currently evaluating the potential impact of the adoption of this new guidance on its financial position or results of operations, including the method of adoption to be used.

In April 2015, the FASB issued ASU No. 2015-03, Interest - Imputation of Interest Simplifying the Presentation of Debt Issuance Costs (“ASU 2015-03”). The amendments in ASU 2015-03 require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. In August 2015, the FASB issued ASU No. 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements (“ASU 2015-15”) which clarifies the guidance in ASU 2015-03 related to line-of-credit arrangements. ASU 2015-15 provides that an entity may defer and present debt issuance costs as an asset and subsequently amortize the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. Presentation ASU 2015-03 is effective for fiscal years beginning after December 15, 2015. Early adoption is permitted. The adoption of this guidance is not expected to have a significant effect on our consolidated financial statements or financial covenants.

In July 2015, the FASB issued ASU No. 2015-11, Inventory (Topic 330) - Simplifying the Measurement of Inventory (“ASU 2015-11”). The amendments in ASU 2015-11 apply to inventory measures using first-in, first-out or average cost and will require entities to measure inventory at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the normal course of business, minus the cost of completion, disposal and transportation. Replacement cost and net realizable value less a normal profit margin will no longer be considered. ASU 2015-11 is effective for fiscal years beginning after December 15, 2016. The adoption of this guidance is not expected to have a significant effect on our consolidated financial statements.

Table of Contents

In September 2015, the FASB issued ASU No. 2015-16, Business Combinations (Topic 805) - Simplifying the Accounting for Measurement-Period Adjustments (“ASU 2015-16”). The amendment in ASU 2015-16 requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. ASU 2015-16 is effective for fiscal years beginning after December 15, 2015. Early adoption is permitted. The adoption of this guidance is not expected to have a significant effect on our consolidated financial statements.

Note 2. Share-Based Compensation

The following table summarizes share-based compensation expense:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| (in thousands) | 2015 | 2014 | 2015 | 2014 |
| Restricted stock | $523 | $653 | $1,623 | $2,066 |
| Performance unit incentive plan (“PUP”) | 456 | (600) | 1,444 | (505) |
| Restricted stock units | 46 | 6 | 64 | 1 |
| Share-based compensation before income tax benefit | 1,025 | 59 | 3,131 | 1,562 |
| Income tax benefit | (381) | (17) | (1,180) | (587) |
| Share-based compensation, net of income tax benefit | $644 | $42 | $1,951 | $975 |

Viad recorded no share-based compensation expense for the three months ended September 30, 2015 and approximately $0.1 million for the nine months ended September 30, 2015 through restructuring expense.

On January 24, 2014, Viad’s Board of Directors declared a special cash dividend of $1.50 per share, or $30.5 million in the aggregate, which was paid on February 14, 2014. In accordance with the mandatory provisions of the 2007 Viad Corp Omnibus Incentive Plan (the “2007 Plan”) and the 1997 Viad Corp Omnibus Incentive Plan, the Human Resources Committee of Viad’s Board of Directors approved equitable adjustments to the outstanding long-term incentive awards of stock options and PUP awards issued pursuant to those plans in order to prevent the special dividend from diluting the rights of participants under those plans. The equitable adjustment to the outstanding stock options reduced the exercise price and increased the number of shares of common stock underlying such options. The equitable adjustment to the PUP awards reflects the effect of the special dividend, but will be paid only if certain performance goals are met at the end of the three-year performance period.

The following table summarizes the activity of the outstanding share-based compensation awards:

| | Restricted Stock | | PUP Awards | | Restricted Stock Units | |
|---|---|---|---|---|---|---|
| | Shares | Weighted-Average Grant Date Fair Value | Units | Weighted-Average Grant Date Fair Value | Units | Weighted-Average Grant Date Fair Value |
| Balance, December 31, 2014 | 328,602 | $ 23.30 | 267,120 | $ 23.51 | 25,370 | $ 23.17 |
| Granted | 82,000 | $ 27.36 | 91,100 | $ 27.31 | 4,800 | $ 27.35 |
| Vested | (105,115) | $ 20.52 | (103,555) | $ 20.60 | (11,623) | $ 20.91 |
| Forfeited | (27,765) | $ 24.19 | (22,300) | $ 24.92 | — | $ — |
| Balance, September 30, 2015 | 277,722 | $ 25.47 | 232,365 | $ 26.16 | 18,547 | $ 25.67 |

As of September 30, 2015, the unamortized cost of all outstanding restricted stock awards was $3.1 million, which Viad expects to recognize in the consolidated financial statements over a weighted-average period of approximately 1.6 years. During the nine months ended September 30, 2015 and 2014, the Company repurchased 34,364 shares for $0.9 million and 45,711 shares for $1.1 million, respectively, related to tax withholding requirements on vested share-based awards. As of September 30, 2015, there were 964,960 total shares available for future grant in accordance with the provisions of the 2007 Plan.

As of September 30, 2015 and December 31, 2014, Viad had liabilities recorded of $1.9 million and $3.5 million, respectively, related to PUP awards. In March 2015, the PUP units granted in 2012 vested and cash payouts of $2.4 million were distributed. In March 2014, the PUP units granted in 2011 vested and cash payouts of $2.9 million were distributed.

As of September 30, 2015 and December 31, 2014, Viad had aggregate liabilities recorded of $0.3 million and $0.5 million, respectively, related to restricted stock unit liability awards. In February 2015, portions of the 2010, 2011, and 2012 restricted

Table of Contents

stock unit awards vested and cash payouts of $0.2 million were distributed. Similarly, in February 2014, portions of the 2009, 2010, and 2011 restricted stock unit awards vested and cash payouts of $0.2 million were distributed.
The following table summarizes stock option activity:

| | Shares | Weighted-Average Exercise Price | Options Exercisable |
|---|---|---|---|
| Options outstanding at December 31, 2014 | 247,590 | $17.82 | 247,590 |
| Exercised | (54,076) | $16.62 | |
| Forfeited or expired | (129,741) | $18.91 | |
| Options outstanding at September 30, 2015 | 63,773 | $16.62 | 63,773 |

As of September 30, 2015, there were no unrecognized costs related to non-vested stock option awards.

Note 3. Acquisition of Businesses

2014 Acquisitions

West Glacier Properties

In July 2014, the Company acquired the West Glacier Properties. The purchase price was $16.5 million in cash with a working capital adjustment of $0.3 million related to the true-up of certain current assets and liabilities. The allocation of the purchase price was completed as of September 30, 2015. The results of operations of the West Glacier Properties have been included in Viad’s condensed consolidated financial statements from the date of acquisition.

Blitz

In September 2014, the Company acquired Blitz, which has offices in the United Kingdom and is a leading audio-visual staging and creative services provider for the live events industry in the United Kingdom and continental Europe. The purchase price was £15.0 million (approximately $24.4 million) in cash, subject to certain adjustments.

The following table summarizes the updated allocation of the aggregate purchase price paid and amounts of assets acquired and liabilities assumed based upon the estimated fair value at the date of acquisition. During the nine months ended September 30, 2015, the Company made certain purchase accounting measurement period adjustments based on refinements to assumptions used in the preliminary valuation of approximately $0.1 million to property and equipment, $16,000 from intangible assets, $0.2 million from accrued lease obligations, $0.2 million to deferred taxes and $21,000 to goodwill. These adjustments did not have a significant impact on the Company’s condensed consolidated statements of operations, balance sheet, or cash flows for all periods presented, and therefore, were not retrospectively adjusted in the 2014 financial statements. Other than the line items mentioned previously, the balances in the table below as of September 30, 2015 remain unchanged from the balances reflected in the Consolidated Balance Sheets in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014. The allocation of the purchase price was completed as of September 30, 2015.

Table of Contents

| (in thousands) | | |
|---|---|---|
| Purchase price | | $24,416 |
| Cash acquired | | (190) |
| Purchase price, net of cash acquired | | 24,226 |
| | | |
| Fair value of net assets acquired: | | |
| Accounts receivable, net | $264 | |
| Inventory | 433 | |
| Prepaid expenses | 410 | |
| Property and equipment | 5,951 | |
| Intangible assets | 8,692 | |
| Total assets acquired | 15,750 | |
| Accounts payable | 1,232 | |
| Accrued liabilities | 2,246 | |
| Customer deposits | 199 | |
| Deferred tax liability | 468 | |
| Revolving credit facility | 488 | |
| Accrued dilapidations | 417 | |
| Total liabilities acquired | 5,050 | |
| Total fair value of net assets acquired | | 10,700 |
| Excess purchase price over fair value of net assets acquired (“goodwill”) | | $13,526 |

Goodwill is included in the Marketing & Events International Segment and the primary factor that contributed to a purchase price resulting in the recognition of goodwill relates to future growth opportunities when combined with our other businesses. Goodwill is deductible for tax purposes over a period of 15 years. The estimated values of current assets and liabilities were based upon their historical costs on the date of acquisition due to their short-term nature. Identified intangible assets acquired in the Blitz acquisition totaled $8.7 million and consist of customer relationships, non-compete agreements, and a trade name. The weighted-average amortization period related to the intangible assets is approximately 6.9 years. The results of operations of Blitz have been included in Viad’s condensed consolidated financial statements from the date of acquisition.

onPeak LLC

In October 2014, the Company acquired onPeak LLC for a purchase price of $43.0 million in cash, subject to certain adjustments. Of the initial purchase price, $4.1 million was deposited at closing into escrow to secure post-closing purchase price adjustments, resolution of certain tax matters and other indemnity claims. onPeak LLC provides event accommodations services in North America to the live events industry.

The following table summarizes the updated allocation of the aggregate purchase price paid and amounts of assets acquired and liabilities assumed based upon the estimated fair value at the date of acquisition. During the three months ended March 31, 2015, the Company made certain purchase accounting measurement period adjustments based on refinements to assumptions used in the preliminary valuation of approximately $0.2 million from intangible assets, $38,000 from deferred taxes and $0.2 million to goodwill. These adjustments did not have a significant impact on the Company’s condensed consolidated statements of operations, balance sheet, or cash flows for all periods presented, and therefore, were not retrospectively adjusted in the 2014 financial statements. Other than the line items mentioned previously, as of September 30, 2015, the balances in the table below remain unchanged from the balances reflected in the Consolidated Balance Sheets in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014. The purchase price allocation remains open and may be adjusted as a result of the finalization of our purchase price allocation procedures related to certain tax amounts.

Table of Contents

| | | |
|---|---|---|
| (in thousands) | | |
| Purchase price paid as: | | |
| Cash | | $42,950 |
| Cash acquired | | (4,064) |
| Purchase price, net of cash acquired | | 38,886 |
| | | |
| Fair value of net assets acquired: | | |
| Accounts receivable, net | $4,008 | |
| Prepaid expenses | 640 | |
| Property and equipment | 2,450 | |
| Other non-current assets | 309 | |
| Intangible assets | 14,100 | |
| Total assets acquired | 21,507 | |
| Accounts payable | 738 | |
| Accrued liabilities | 3,341 | |
| Customer deposits | 4,225 | |
| Deferred tax liability | 1,576 | |
| Other liabilities | 309 | |
| Total liabilities acquired | 10,189 | |
| Total fair value of net assets acquired | | 11,318 |
| Excess purchase price over fair value of net assets acquired (“goodwill”) | | $27,568 |

Goodwill is included in the Marketing & Events U.S. Segment and the primary factor that contributed to a purchase price resulting in the recognition of goodwill relates to future growth opportunities when combined with our other businesses. Goodwill of $9.3 million is expected to be deductible for tax purposes over a period of 15 years. The estimated values of current assets and liabilities were based upon their historical costs on the date of acquisition due to their short-term nature.

Identified intangible assets acquired in the onPeak LLC acquisition totaled $14.1 million and consist primarily of customer relationships and trade name. The weighted-average amortization period related to the definite lived intangible assets is 9.9 years. The results of operations of onPeak LLC have been included in Viad’s condensed consolidated financial statements from the date of acquisition.

Travel Planners, Inc.

In October 2014, the Company acquired Travel Planners, Inc. for a purchase price of $33.7 million in cash less a working capital adjustment of $0.3 million, subject to certain adjustments. Of the purchase price, $8.8 million was deposited at closing into escrow to secure post-closing purchase price adjustments, resolution of certain tax matters and other indemnity claims. An additional amount of $0.9 million was paid during the third quarter of 2015 to Travel Planners, Inc. as a result of an election made by the Company to treat the purchase as an asset acquisition for tax purposes. Travel Planners, Inc. provides event accommodations services in North America to the live events industry. Travel Planners, Inc. was merged into onPeak LLC in January 2015.

The following table summarizes the updated allocation of the aggregate purchase price paid and amounts of assets acquired and liabilities assumed based upon the estimated fair value at the date of acquisition. During the nine months ended September 30, 2015, the Company made certain purchase accounting measurement period adjustments based on refinements to assumptions used in the preliminary valuation of $0.6 million from intangible assets, $0.4 million from additional purchase price payable upon tax election and $0.1 million from other accrued liabilities. These adjustments did not have a significant impact on the Company’s condensed consolidated statements of operations, balance sheet, or cash flows for all periods presented, and therefore, were not retrospectively adjusted in the 2014 financial statements. Other than the line items mentioned previously, the balances in the table below as of September 30, 2015 remain unchanged from the balances reflected in the Consolidated Balance Sheets in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014. The purchase price allocation remains open and may be adjusted as a result of the finalization of our purchase price allocation procedures related to certain tax amounts.

Table of Contents

| (in thousands) | | |
|---|---|---|
| Purchase price paid as: | | |
| Cash | | $33,674 |
| Additional purchase price paid for tax election | | 896 |
| Working capital adjustment | | (279) |
| Cash acquired | | (4,204) |
| Purchase price, net of cash acquired | | 30,087 |
| | | |
| Fair value of net assets acquired: | | |
| Accounts receivable, net | $1,450 | |
| Prepaid expenses | 120 | |
| Property and equipment | 93 | |
| Intangible assets | 14,400 | |
| Total assets acquired | 16,063 | |
| Accounts payable | 488 | |
| Accrued liabilities | 1,557 | |
| Customer deposits | 4,525 | |
| Total liabilities acquired | 6,570 | |
| Total fair value of net assets acquired | | 9,493 |
| Excess purchase price over fair value of net assets acquired ("goodwill") | | $20,594 |

Goodwill is included in the Marketing & Events U.S. Segment and the primary factor that contributed to a purchase price resulting in the recognition of goodwill relates to future growth opportunities when combined with our other businesses. Goodwill is deductible for tax purposes over a period of 15 years. The estimated values of current assets and liabilities were based upon their historical costs on the date of acquisition due to their short-term nature. Identified intangible assets acquired in the Travel Planners, Inc. acquisition totaled $14.4 million and consist primarily of customer relationships, favorable lease contracts and trade name. The weighted-average amortization period related to the definite lived intangible assets is 9.8 years. The results of operations of Travel Planners, Inc. have been included in Viad's condensed consolidated financial statements from the date of acquisition.

N200

In November 2014, the Company acquired N200 for €9.7 million (approximately $12.1 million) in cash, subject to certain adjustments, plus an earnout payment (the "Earnout") of up to €1.0 million. The amount of the Earnout was based on N200's achievement of established financial targets for the twelve-month period ended June 30, 2015. N200 exceeded those financial targets and consequentially on October 5, 2015, the Company paid the full €1.0 million (approximately $1.1 million) Earnout to the former owners of N200. N200, which has offices in the United Kingdom and the Netherlands, is a leading event registration and data intelligence services provider for the live events industry in the United Kingdom and the Netherlands.

The following table summarizes the updated allocation of the aggregate purchase price paid and amounts of assets acquired and liabilities assumed based upon the estimated fair value at the date of acquisition. During the nine months ended September 30, 2015, the Company made certain purchase accounting measurement period adjustments based on refinements to assumptions used in the preliminary valuation of $0.1 million from contingent consideration, $0.5 million to working capital payable, $15,000 from accounts receivable, net, $0.1 million to intangible assets, $0.1 million to accrued liabilities, $20,000 to deferred taxes and $0.3 million to goodwill. These adjustments did not have a significant impact on the Company's condensed consolidated statements of operations, balance sheet, or cash flows for all periods presented, and therefore, were not retrospectively adjusted in the 2014 financial statements. Other than the line items mentioned previously, the balances in the table below as of September 30, 2015 remain unchanged from the balances reflected in the Consolidated Balance Sheets in the Company's Annual Report on Form 10-K for the year ended December 31, 2014. The purchase price allocation remains open and may be adjusted as a result of the finalization of our purchase price allocation procedures related to certain tax amounts.

Table of Contents

| | |
|---|---|
| (in thousands) | |
| Purchase price paid as: | |
| Cash | $12,068 |
| Working capital adjustment | 458 |
| Contingent consideration | 1,145 |