VIAD CORP
Form 10-Q
August 07, 2015

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

FORM 10-Q

(Mark One)

ý 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	85004-4565
(Address of principal executive offices)	(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 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)

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 June 30, 2015	2014	Six Months Ended 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 June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Net income	$22,280	$6,609	$20,160	$31,028
Other comprehensive income:				
Unrealized gains (losses) on investments, net of tax[1]	(26)	41	133	50
Unrealized foreign currency translation adjustments, net of tax[1]	5,953	6,582	(11,626)	(151)
Amortization of net actuarial gain, net of tax[1]	168	127	336	255
Amortization of prior service credit, net of tax[1]	(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

[1] 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)

	Six Months Ended June 30,	
(in thousands)	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	1,503
Excess tax benefit from share-based compensation arrangements	(232)	(41)
Other non-cash items, net	3,493	3,271
Change in operating assets and liabilities (excluding the impact of acquisitions):		
Receivables	(43,036)	(32,150)
Inventories	1,896	(12,025)
Accounts payable	22,860	25,115
Restructuring liabilities	(1,669)	(3,001)
Accrued compensation	(1,128)	1,971
Customer deposits	9,166	13,470
Income taxes payable	1,905	889
Other assets and liabilities, net	4,643	(12,412)
Net cash provided by operating activities	38,020	28,165
Cash flows from investing activities		
Capital expenditures	(13,150)	(13,404)
Cash paid for acquired business	(123)	—
Proceeds from dispositions of property and other assets	751	417
Proceeds from possessory interest and personal property—discontinued operations	—	25,000
Net cash provided by (used in) investing activities	(12,522)	12,013
Cash flows from financing activities		
Proceeds from borrowings	30,000	25,000
Payments on debt and capital lease obligations	(38,100)	(25,476)
Dividends paid on common stock	(4,008)	(34,534)
Common stock purchased for treasury	(5,969)	(11,610)
Excess tax benefit from share-based compensation arrangements	232	41
Proceeds from exercise of stock options	2,135	1,155
Net cash used in financing activities	(15,710)	(45,424)
Effect of exchange rate changes on cash and cash equivalents	(1,921)	(344)
Net change in cash and cash equivalents	7,867	(5,590)
Cash and cash equivalents, beginning of year	56,990	45,821
Cash and cash equivalents, end of period	$64,857	$40,231
Supplemental disclosure of cash flow information		
Cash paid for income taxes	$2,792	$5,025
Cash paid for interest	$1,659	$501

Property and equipment acquired under capital leases	$370	$253
Property and equipment purchases in accounts payable and accrued liabilities	$338	$2,396

Refer to Notes to Condensed Consolidated Financial Statements.

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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") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required for complete financial statements. The condensed consolidated financial statements of Viad include the accounts of Viad and all of its subsidiaries. All significant intercompany account balances and transactions between Viad and its subsidiaries have been eliminated in consolidation.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015.

For further information, refer to the consolidated financial statements and related footnotes for the year ended December 31, 2014 included in the Company's Form 10-K, filed with the Securities and Exchange Commission on March 13, 2015.

Nature of Business

Viad's reportable segments consist of Marketing & Events U.S., Marketing & Events International (collectively, "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 that 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.

In 2014, the Company acquired: Blitz Communications Group Limited and its affiliates (collectively, "Blitz") in September, onPeak LLC and Travel Planners, Inc. in October, with Travel Planners, Inc. merging into onPeak LLC (collectively, "onPeak") in January 2015, and N200 Limited and its affiliates (collectively, "N200") in November. For additional information on the Company's 2014 acquisitions, refer to Note 3, Acquisition of Businesses.

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 lodges, 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; the 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; the West Glacier Motel & Cabins in West Glacier, Montana; and Motel Lake McDonald and the Apgar Village Lodge, which are located inside Glacier National Park. Glacier Park also operates the food and beverage services with respect to those properties

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and the retail shops located near Glacier National Park. For additional information on Glacier Park's concession operations within Glacier National Park, refer to Note 20, Discontinued Operations.

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"). For additional information, refer to Note 3, Acquisition of Businesses.

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 FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). 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 No. 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. The amendments in ASU No. 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. ASU No. 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. The amendments in ASU No. 2015-11 apply to inventory measures using first-in, first-out (FIFO) 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 No. 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.

Note 2. Share-Based Compensation

The following table summarizes share-based compensation expense:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2015	2014	2015	2014
Restricted stock	$506	$759	$1,100	$1,413
Performance unit incentive plan ("PUP")	376	326	988	95
Restricted stock units	(7)	27	18	(5)
Share-based compensation before income tax benefit	875	1,112	2,106	1,503
Income tax benefit	(325)	(417)	(792)	(569)
Share-based compensation, net of income tax benefit	$550	$695	$1,314	$934

For the three and six months ended June 30, 2015, Viad recorded share-based compensation expense of approximately $56,000 and $0.1 million, respectively, through restructuring expense.

On January 24, 2014, Viad announced that its 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

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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	80,500	27.33	91,100	27.31	4,800	27.35
Vested	(104,740)	20.50	(103,555)	20.60	(11,123)	20.61
Forfeited	(24,130)	24.37	(22,300)	24.92	—	—
Balance, June 30, 2015	280,232	$ 25.42	232,365	$ 26.16	19,047	$ 25.72

As of June 30, 2015, the unamortized cost of all outstanding restricted stock awards was $3.7 million, which Viad expects to recognize in the consolidated financial statements over a weighted-average period of approximately 1.7 years. During the six months ended June 30, 2015 and 2014, the Company repurchased 34,184 shares for $0.9 million and 44,806 shares for $1.0 million, respectively, related to tax withholding requirements on vested share-based awards. As of June 30, 2015, there were 962,825 total shares available for future grant in accordance with the provisions of the 2007 Plan.

As of June 30, 2015 and December 31, 2014, Viad had liabilities recorded of $1.5 million and $3.5 million, respectively, related to PUP awards. In March 2015, the PUP units granted in 2012 vested and cash payouts totaling $2.4 million were distributed. In March 2014, the PUP units granted in 2011 vested and cash payouts totaling $2.9 million were distributed.

As of June 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 stock unit awards vested and cash payouts totaling $0.3 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	(47,029)	$16.62	
Forfeited or expired	(129,741)	$18.91	
Options outstanding at June 30, 2015	70,820	$16.62	70,820

As of June 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, subject to certain adjustments. The working capital adjustment relates to the true- up of certain current assets and liabilities. As of June 30, 2015, there have been no changes in the fair values of the assets acquired and liabilities assumed as of the acquisition date compared to December 31, 2014. The results of operations of the West Glacier Properties have been included in Viad’s condensed consolidated financial statements from the date of acquisition.

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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 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 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 $0.1 million to property and equipment, net, $16,000 from intangible assets, $0.2 million to accrued lease obligations, $41,000 from deferred taxes and $0.2 million from 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 June 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.

(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, net	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	282	
Revolving credit facility	488	
Accrued dilapidations	417	
Total liabilities acquired	4,864	
Total fair value of net assets acquired		10,886
Excess purchase price over fair value of net assets acquired ("goodwill")		$13,340

The 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. The 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.

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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 June 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.

(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, net	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

The 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

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additional amount of $0.9 million is payable 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 six months ended June 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 June 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.

(in thousands)		
Purchase price paid as:		
Cash		$33,674
Additional purchase price payable 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, net	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

The 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. The 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 Limited and affiliates (collectively, “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 is based on N200’s achievement of established financial targets for the twelve-month period ending June 30, 2015. Such contingent payment, if any, will be determined during the third quarter of 2015. 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.

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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 six months ended June 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 to 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 June 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.

(in thousands)		
Purchase price paid as:		
Cash		$12,068
Working capital adjustment		458
Contingent consideration		1,145
Cash acquired		(943)
Purchase price, net of cash acquired		12,728
Fair value of net assets acquired:		
Accounts receivable, net	$1,732	
Inventory	46	
Prepaid expenses	115	
Property and equipment, net	1,280	
Intangible assets	3,682	
Total assets acquired	6,855	
Accounts payable	421	
Accrued liabilities	1,057	
Customer deposits	569	
Deferred tax liability	911	
Other liabilities	106	
Total liabilities acquired	3,064	
Total fair value of net assets acquired		3,791
Excess purchase price over fair value of net assets acquired (“goodwill”)		$8,937

The 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. The 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 N200 acquisition totaled $3.7 million and consist primarily of customer relationships. The weighted-average amortization period related to the definite lived intangible assets is 7.4 years. The results of operations of N200 have been included in Viad’s condensed consolidated financial statements from the date of acquisition.

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Supplementary pro forma financial information

The following table summarizes the unaudited pro forma results of operations attributable to Viad as of June 30, 2014, assuming that the acquisitions above had each been completed on January 1, 2013:

(in thousands, except per share data)	Three Months Ended June 30, 2014	Six Months Ended
Revenue	$275,748	$576,599
Depreciation and amortization	$9,666	$19,024
Income from continuing operations	$10,517	$19,932
Net income attributable to Viad	$9,251	$31,548
Diluted net income per share	$0.46	$1.56
Basic net income per share	$0.47	$1.58

Note 4. Inventories

The components of inventories consisted of the following as of the respective periods:

(in thousands)	June 30, 2015	December 31, 2014
Raw materials	$17,383	$16,749
Work in process	13,122	15,652
Inventories	$30,505	$32,401

Note 5. Other Current Assets

Other current assets consisted of the following as of the respective periods:

(in thousands)	June 30, 2015	December 31, 2014
Prepaid software maintenance	$4,173	$1,934
Income tax receivable	3,182	1,869
Prepaid vendor payments	2,596	2,689
Prepaid rent	1,300	186
Prepaid taxes	1,213	1,416
Prepaid insurance	852	2,170
Prepaid other	4,344	4,427
Other	1,891	2,749
Other current assets	$19,551	$17,440

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Note 6. Property and Equipment, Net

Property and equipment consisted of the following as of the respective periods:

(in thousands)	June 30, 2015	December 31, 2014
Land and land interests	$29,722	$30,360
Buildings and leasehold improvements	135,225	138,104
Equipment and other	314,716	319,435
Gross property and equipment	479,663	487,899
Less: accumulated depreciation	(287,654)	(288,328)
Property and equipment, net	$192,009	$199,571

Depreciation expense for the three months ended June 30, 2015 and 2014 was $7.4 million and $6.9 million, respectively. Depreciation expense for the six months ended June 30, 2015 and 2014 was $14.1 million and $13.4 million, respectively.

Note 7. Other Investments and Assets

Other investments and assets consisted of the following as of the respective periods:

(in thousands)	June 30, 2015	December 31, 2014
Cash surrender value of life insurance	$20,939	$20,866
Self-insured liability receivable	7,728	7,728
Workers' compensation insurance security deposits	4,250	4,250
Other mutual funds	2,371	2,536
Other	5,521	5,294
Other investments and assets	$40,809	$40,674

Note 8. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill for the six months ended June 30, 2015 were as follows:

(in thousands)	Marketing & Events U.S.	Marketing & Events International	Travel & Recreation Group	Total
Balance at December 31, 2014	$110,618	$42,221	$41,358	$194,197
Purchase price allocation adjustments	230	211	—	441
Foreign currency translation adjustments	—	(1,524)	(3,079)	(4,603)
Balance at June 30, 2015	$110,848	$40,908	$38,279	$190,035

The original purchase price allocations were based on information available at the respective acquisition dates. During the six months ended June 30, 2015, we recorded measurement period adjustments to the original purchase price allocation for Blitz, onPeak LLC, Travel Planners, Inc. and N200, which increased goodwill by $0.4 million. The amount was not considered significant and therefore prior periods have not been retrospectively adjusted. For additional information, refer to Note 3, Acquisition of Businesses.

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A summary of other intangible assets is presented below:

(in thousands)	June 30, 2015 Gross Carrying Value	Accumulated Amortization	December 31, 2014 Gross Carrying Value	Accumulated Amortization
Amortized intangible assets:				
Customer contracts and relationships	$38,943	$(5,188)	$41,624	$(2,961)
Other	4,614	(1,455)	4,576	(732)
Total amortized intangible assets	43,557	(6,643)	46,200	(3,693)
Unamortized intangible assets:				
Business licenses	460	—	460	—
Other intangible assets	$44,017	$(6,643)	$46,660	$(3,693)

The original purchase price allocations were based on information available at the respective acquisition dates. During the six months ended June 30, 2015, we recorded measurement period adjustments to the original purchase price allocation for Blitz, onPeak LLC, Travel Planners, Inc. and N200, which reduced other intangible assets by $0.7 million. The amount was not considered significant and therefore prior periods have not been retrospectively adjusted. For additional information, refer to Note 3, Acquisition of Businesses.

Intangible asset amortization expense for the three months ended June 30, 2015 and 2014 was $1.8 million and $0.3 million, respectively. Intangible asset amortization expense for the six months ended June 30, 2015 and 2014 was $3.8 million and $0.3 million, respectively. Estimated amortization expense related to amortized intangible assets for future years is expected to be as follows:

(in thousands)	
Remainder of 2015	$3,629
2016	$6,444
2017	$5,605
2018	$4,613
2019	