

VIAD CORP
Form 10-K
February 27, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018

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)

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Securities registered pursuant to Section 12(b) of the Act:

	Name of each exchange
Title of each class	on which registered
Common Stock, \$1.50 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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 every Interactive Data File required to be submitted 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 such files.) Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 the 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

The aggregate market value of the Common Stock (based on its closing price per share on such date) held by non-affiliates on the last business day of the registrant's most recently completed second fiscal quarter (June 29, 2018)

was approximately \$1.1 billion.

Registrant had 20,201,497 shares of Common Stock (\$1.50 par value) outstanding as of January 31, 2019.

Documents Incorporated by Reference

A portion of the Proxy Statement for the Viad Corp Annual Meeting of Shareholders scheduled for May 16, 2019, is incorporated by reference into Part III of this Annual Report.

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In this report, for periods presented, “we,” “us,” “our,” “the Company,” and “Viad Corp” refer to Viad Corp and its subsidiaries and affiliates.

PART I

Forward-Looking Statements

This Annual Report on Form 10-K (“2018 Form 10-K”) contains a number of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may appear throughout this 2018 Form 10-K, including the following sections: “Business” (Part I, Item 1), “Risk Factors” (Part I, Item 1A), “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (Part II, Item 7), and “Quantitative and Qualitative Disclosures About Market Risk” (Part II, Item 7A). Words, and variations of words, such as “will,” “may,” “expect,” “would,” “could,” “might,” “intend,” “plan,” “believe,” “estimate,” “anticipate,” “deliver,” “seek,” “target,” “outlook,” and similar expressions are intended to identify our forward-looking statements. Similarly, statements that describe our business strategy, outlook, objectives, plans, initiatives, intentions or goals also are forward-looking statements. These forward-looking statements are not historical facts and are subject to a host of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those in the forward-looking statements.

Important factors that could cause actual results to differ materially from those described in our forward-looking statements include, but are not limited to, the following:

- our ability to successfully integrate and achieve established financial and strategic goals from acquisitions;
- fluctuations and deterioration in general economic conditions;
- our dependence on large exhibition event clients;
- the importance of key members of our account teams to our business relationships;
- the competitive and dynamic nature of the industries in which we operate;
- travel industry disruptions;
- our ability to achieve established financial and strategic goals for our capital projects;
- seasonality of our businesses;
- transportation disruptions and increases in transportation costs;
- natural disasters and other catastrophic events;
- the impact of recent U.S. tax legislation;
- our multi-employer pension plan funding obligations;
- our exposure to labor cost increases and work stoppages related to unionized employees;
- liabilities relating to prior and discontinued operations;
- adverse effects of show rotation on our periodic results and operating margins;
- our exposure to currency exchange rate fluctuations;
- our exposure to cybersecurity attacks and threats;
- compliance with data privacy laws and our exposure to legal claims and fines for data breaches or improper handling of such data;
- the effects of the United Kingdom’s exit from the European Union; and
- the effects of changes in the U.S. trade policy, including the imposition of tariffs.

For a more complete discussion of the risks and uncertainties that may affect our business or financial results, refer to “Risk Factors” (Part I, Item 1A of this 2018 Form 10-K). We disclaim and do not undertake any obligation to update or revise any forward-looking statement in this 2018 Form 10-K except as required by applicable law or regulation.

Item 1. Business

We are an international experiential services company with operations principally in the United States, Canada, the United Kingdom, continental Europe, and the United Arab Emirates. We are committed to providing unforgettable experiences to our clients and guests.

We operate through two business groups:

• **GES** is a global, full-service live events company offering a comprehensive range of services to the world's leading brands and event organizers.

• **Pursuit** is a collection of inspiring and unforgettable travel experiences that include world-class recreation attractions, hotels and lodges, food and beverage, retail, sightseeing, and ground transportation services.

GES accounted for 86% of our 2018 consolidated revenue and 45% of our 2018 consolidated segment operating income⁽¹⁾. Pursuit accounted for 14% of our 2018 consolidated revenue and 55% of our 2018 consolidated segment operating income⁽¹⁾.

⁽¹⁾We define segment operating income as net income attributable to Viad before income (loss) from discontinued operations, corporate activities and eliminations, interest expense and interest income, income taxes, restructuring charges, impairment charges and recoveries, the reduction for income attributable to non-redeemable noncontrolling interest, and the addition for loss attributable to redeemable noncontrolling interest. Refer to Note 23 – Segment Information of the Notes to Consolidated Financial Statements (Part II, Item 8 of this 2018 Form 10-K) for a reconciliation of segment operating income to the most directly comparable GAAP measure.

GES is a global, full-service live events company that produces exhibitions, conferences, corporate events, and consumer events. GES offers a comprehensive range of live event services, from the design and production of compelling, immersive experiences that engage audiences and build brand awareness, to material handling, rigging, electrical, and other on-site event services. In addition, GES offers clients a full suite of audio-visual services from creative and technology to content and design, along with registration, data analytics, engagement, and online tools powered by next generation technologies that help clients easily manage the complexities of their events. For ten years, GES' National Servicer[®] has been certified under the J.D. Power and Associates Certified Call Center ProgramSM, and for nine consecutive years, Ad Age has recognized GES as one of the nation's largest experiential/event marketing agency networks. GES is included in Event Marketer magazine's IT List as one of the top 100 event agencies in the industry.

GES' clients include event organizers and corporate brand marketers. Event organizers schedule and run the event from start to finish. 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. GES serves corporate brand marketers when they exhibit at shows and when GES is engaged to manage their global exhibit program or produce their proprietary corporate events.

GES has a leading position in the U.S. with full-service operations in every major exhibition market, including Las Vegas, Chicago, Orlando, New York, and Los Angeles. GES has operating facilities at many of the most active and popular international event destinations and venues in the United Kingdom, Canada, Germany, the United Arab Emirates, and the Netherlands.

Markets Served

GES provides a full suite of services for event organizers and corporate brand marketers across four live event markets: Exhibitions, Conferences, Corporate Events, and Consumer Events (collectively, "Live Events").

LIVE EVENT	PRIMARY PURPOSE	% GES 2018 REVENUE
Exhibitions	Facilitates business-to-business and business-to-consumer sales and marketing.	59%
Conferences	Facilitates attendee education. May also include an expo or trade show to further facilitate attendee education and to facilitate business-to-business and business-to-consumer sales and marketing.	24%
Corporate Events	Facilitates attendee education of sponsoring company's products or product ecosystem.	14%
Consumer Events	Entertains, educates, or creates an experience, typically around a specific genre.	3%

Services Offered

GES offers a comprehensive range of services and innovative technology, including Core Services, Event Technology, and Audio-Visual, to event organizers and corporate brand marketers.

Core Services

GES provides official contracting services and products to event organizers and corporate brand marketers. Contracting services and products are provided primarily to Exhibitions and Conferences and to a lesser degree to Corporate Events and Consumer Events.

In general, GES provides the following exclusive and discretionary services and products to Live Event organizers and corporate brand marketers:

Exclusive Services		Discretionary Services
Event Organizers	Corporate Brand Marketers	Corporate Brand Marketers
Event planning and production	Material handling	Creative design and strategy
Look and feel design	Electrical distribution	Data analytics and insights
Layout and floor plan designs	Cleaning	Integrated marketing and pre/post event communications
Furnishings and carpet	Plumbing	Event surveys
Show traffic analysis	Overhead rigging	Return on investment analysis
Marketing and strategy	Booth rigging	Online management tools
Electrical distribution		Attendee/exhibit booth traffic analysis
Cleaning		Staff training
Plumbing		Logistics/transportation
Overhead rigging		Exhibit storage/refurbishment
Booth rigging		Furnishings and carpet
		Installation and dismantling labor
		Tradeshow program management
Exclusive Products		Discretionary Products
Event Organizers		Corporate Brand Marketers
Signage		Custom exhibit design/construction
Common area structures		Portable/modular exhibits and design
		Graphics and signage

Under various agreements with Live Event organizers, GES has the exclusive right to provide certain contracting services to participating exhibitors. This gives exhibitors a single point of contact to facilitate a timely, safe, and efficient move-in/out of a Live Event and to facilitate an organized, professional, during-show experience. GES also competes with other service providers to sell discretionary services to exhibitors. Discretionary services include complete event program management, such as creative design, strategy, and planning to corporate brand marketers across all Live Events in which they participate.

GES offers the following comprehensive range of event technology services:

Event accommodation solutions:

- Researching and selection of local hotels
- Negotiating and contracting
- Room block management
- Group reservation management
- Rate integrity and monitoring
- Marketing services
- On-site services
- Post-event reporting

Event Technology Registration and data analytics:

- Registration and ticketing
- Lead management
- Reporting and analytics
- Web-based enterprise-wide application
- Software-as-a-service model or fully managed options

Event management tools:

- Online ordering capabilities
- Sponsorship management solutions
- Content management systems
- Live Event tracking

GES offers the following audio-visual services:

- Video production
- Lighting design
- Digital studio services
- Entertainment services and talent coordination
- Projection mapping
- Computer rental and support

Audio-Visual

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Seasonality and Show Rotation

GES' exhibition and event activity can vary significantly from quarter to quarter and year to year depending on the frequency and timing of shows: some shows are not held annually, and some shift between quarters. During 2018, GES reported its highest revenue during the second and fourth quarters. During 2017, GES reported its highest revenue during the first and second quarters. The following show rotation revenue metric refers to the net change in revenue from 2017 to 2018 due to show movement between quarters and years. Show rotation refers to shows that occur less frequently than annually, as well as annual shows that shift quarters from one year to the next.

Competition

In the Live Events industry, GES generally competes across all classes of services and all markets on the basis of discernible differences, value, quality, price, convenience, and service. GES has a competitive advantage through its worldwide network of resources, history of serving as an extension of clients' teams, experienced and knowledgeable personnel, client-focus, creativity, reliable execution, proprietary technology platforms, and financial strength. All known U.S. competitors and most international competitors are privately held companies that provide limited public information regarding their operations. GES' primary competitor within its Core Services is a privately-held, U.S.-headquartered company; however, there is substantial competition from a large number of service providers in GES' other service offerings.

Growth Strategy

GES is committed to become the preferred global, full-service provider for Live Events. GES has combined the art of high-impact creativity, service, and expertise with the science of easy-to-use technology, strategy, and worldwide logistics to help clients gain a greater return from their events and enhance the exhibitor and attendee experience. GES holds leading market positions in Exhibitions and Conferences and is pursuing a focused and disciplined growth strategy with the goal of expanding its market share in the currently under-penetrated Corporate Events market. We expect to accomplish this by acquiring businesses and capitalizing on organic opportunities that further the following goals:

- ◆ **Global Reach.** Leverage global capabilities and large customer base to drive continued growth in new services and other Live Events.
- ◆ **Full-Service Provider.** Growth of adjacent services to create a unique and integrated offering to deepen client relationships, expand client base, and increase share of total event spend.
- ◆ **Live Events.** Penetration into other Live Events to leverage our existing capabilities and gain more corporate clients.

Pursuit is a collection of inspiring and unforgettable travel experiences in Alaska and Montana in the United States and in Banff, Jasper, and Vancouver in Canada, and scheduled to open in July 2019, Reykjavik, Iceland. Pursuit's collections include world-class recreational attractions, unique hotels and lodges, food and beverage, retail, sightseeing, and ground transportation services. Pursuit draws its guests from major markets, including Canada, the United States, China, the United Kingdom, Australia/New Zealand, Asia Pacific, and Europe. Pursuit markets directly to consumers, as well as through distribution channels that include tour operators, tour wholesalers, destination management companies, and retail travel agencies. Pursuit comprises the following collections:

Banff Jasper Collection The Banff Jasper Collection is a leading travel and tourism provider in the Canadian Rockies in Alberta, Canada with two lodging properties in Banff National Park, one lodging property in Jasper National Park, five world-class recreational attractions, food and beverage services, retail operations, sightseeing and transportation services.

Alaska Collection The Alaska Collection is a leading travel and tourism provider in Alaska with two lodging properties and a sightseeing excursion in Denali National Park and Preserve, a lodge in Talkeetna, Alaska's top-rated wildlife and glacier cruise, and two lodging properties located near Kenai Fjords National Park. The Alaska Collection also provides food and beverage services and retail operations.

Glacier Park Collection The Glacier Park Collection is an operator of seven lodging properties, 12 retail shops, and 11 dining outlets in and around Glacier National Park in Montana, one of the most visited national parks in the United States, and Waterton Lakes National Park in Alberta, Canada, with a leading share of rooms in the Glacier Park market.

FlyOver FlyOver Canada, located in Vancouver, British Columbia, is a recreational attraction that provides a virtual flight ride experience that combines motion seating, spectacular media, and visual effects including wind, scents, and mist to give the unforgettable experience of flying across Canada.

FlyOver Iceland is a recreational attraction currently being built in Reykjavik, Iceland that will provide a virtual flight ride experience over some of Iceland's most spectacular scenery and natural wonders with the same technology effects of wind, scents, and mist as FlyOver Canada. We are scheduled to open our new attraction in July 2019.

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Pursuit comprises four lines of business: Attractions, including food and beverage services and retail operations; Hospitality, including food and beverage services and retail operations; Transportation; and Travel Planning.

	Attractions	Hospitality	Transportation	Travel Planning
Banff Jasper Collection	Banff Gondola	Elk + Avenue Hotel	Airporter Services	Corporate Event
	Lake Minnewanka Cruise	Glacier View Lodge	Charter Motorcoach	Management Services
	Columbia Icefield	Mount Royal Hotel ⁽¹⁾	Services	Explore Rockies
	Glacier Adventure		Sightseeing Tours	Activity Booking
	Glacier Skywalk			Centers
Alaska Collection	Maligne Lake Tours			
	Kenai Fjords Tours	Denali Backcountry Lodge	Denali Backcountry	Travel Planning
		Denali Cabins	Adventure	Services
		Kenai Fjords Wilderness Lodge		
		Seward Windsong Lodge		
Glacier Park Collection		Talkeetna Alaska Lodge		
		Apgar Village Lodge		
		Glacier Park Lodge		
		Grouse Mountain Lodge		
		Motel Lake McDonald		
		Prince of Wales Hotel		
FlyOver		St. Mary Lodge		
		West Glacier Motel & Cabins		
	FlyOver Canada – Vancouver			
	FlyOver Iceland –			

Reykjavik⁽²⁾

⁽¹⁾The Mount Royal Hotel was damaged by a fire on December 29, 2016, and was closed for reconstruction from December 2016 through June 2018.

⁽²⁾In November 2017, we announced the expansion of our virtual flight ride concept into Iceland's capital city of Reykjavik. We are scheduled to open our new attraction in July 2019.

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Attractions

Pursuit
owns and
operates the
following
attractions
in the
Canadian
Rocky
Mountains,
Vancouver,
Iceland, and
Alaska:

Banff Gondola transports visitors to an elevation of over 7,000 feet above sea level to the top of Sulphur Mountain in Banff, Alberta, Canada offering an unobstructed view of the Canadian Rockies and overlooking the town of Banff and the Bow Valley. The Banff Gondola has been honored with two Top Project Awards from Alberta Construction Magazine. The Banff Gondola's winning categories include the People's Choice Award in 2016 and the Commercial Award (Under \$50 Million) in 2016. The Banff Gondola received the Trip Advisor Certificate of Excellence.

Lake Minnewanka Cruise provides guests a unique sightseeing experience through interpretive boat cruises on Lake Minnewanka in the Canadian Rockies. The Banff Lake Cruise operations are located adjacent to the town of Banff and include boat tours, small boat rentals, and charter fishing expeditions. The Banff Lake Cruise received the Trip Advisor Certificate of Excellence.

Columbia Icefield Glacier Adventure is a tour of the Athabasca Glacier on the Columbia Icefield, and provides guests the experience to view one of the largest accumulations of ice and snow south of the Arctic Circle. Guests ride in a giant "Ice Explorer," a unique vehicle specially designed for glacier travel. The Columbia Icefield Glacier Adventure received the Trip Advisor Certificate of Excellence.

Glacier Skywalk is a 1,312-foot guided interpretive walkway with a 98-foot glass-floored observation area overlooking the

Sunwapta Valley, in close proximity to our Columbia Icefield Glacier Adventure attraction in Jasper National Park, Alberta, Canada. Since opening in 2014, the Glacier Skywalk continues to win awards and receive international recognition for its innovative design and environmentally sound architecture, including the prestigious Governor General's Medals in Architecture in 2016.

FlyOver Canada is a virtual flight ride experience that showcases some of Canada's most spectacular scenery and natural wonders from coast to coast. The state-of-the-art, multi-sensory experience combines motion seating, spectacular media, and special effects, including wind, scents, and mist, to provide a true flying experience for guests. FlyOver Canada is ideally located in downtown Vancouver. FlyOver Canada received the Trip Advisor Certificate of Excellence.

FlyOver
Iceland is a
virtual flight
ride
experience
currently
being built in
Reykjavik,
Iceland. It
will showcase
some of
Iceland's most
spectacular
scenery and
natural
wonders with
the same
technology
effects of
wind, scents,
and mist as
FlyOver
Canada. We
are scheduled
to open our
new
attraction in
July 2019.

Kenai Fjords
Tours is a
leading
Alaska
wildlife and
glacier day
cruise,
offering
guests
unforgettable
sights of

towering
glaciers,
humpback
and grey
whales, orcas,
arctic birdlife,
sea lions,
seals, and
porpoises of
Kenai Fjords
National
Park. Tours
range from a
few hours to
full days,
with some
tours
including a
full meal of
wild Alaska
salmon,
prime rib, and
Alaskan King
Crab on Fox
Island. Kenai
Fjords Tours
received the
Trip Advisor
Certificate of
Excellence.

Maligne Lake
Tours
provides
interpretive
boat tours at
Maligne
Lake, the
largest lake in
Jasper
National
Park, Alberta,
Canada. In
addition to
boat tours,
Maligne Lake
Tours has a
marina and
day lodge that
offers food

and beverage
and retail
services, an
historic chalet
complex and
boat house
that offers
canoes,
kayaks, and
rowboats for
rental.

Maligne Lake
Tours
received the
Trip Advisor
Certificate of
Excellence.

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Hospitality Pursuit provides lodging accommodations, food and beverage services, and retail operations through its collection of unique hotels and lodges varying from hikers' cabins to grand and historic lodges.

Banff Jasper Collection:

- Mount Royal Hotel (133 rooms) and Elk + Avenue Hotel (164 rooms) are located in the heart of Banff National Park in downtown Banff, Alberta, Canada.

- Glacier View Lodge (32 rooms) is located on the Columbia Icefield between Lake Louise and Jasper in Jasper National Park.

Alaska Collection:

- Denali Backcountry Lodge (42 rooms) is located in the heart of Denali National Park.

- Denali Cabins (46 rooms) are located near the entrance to Denali National Park.

- Kenai Fjords Wilderness Lodge (8 rooms) is located on a private island in Resurrection Bay adjacent to Kenai Fjords National Park.

- Seward Windsong Lodge (180 rooms) is located near Kenai Fjords National Park in Seward, Alaska.

- Talkeetna Alaskan Lodge (212 rooms) is located in Talkeetna, Alaska on the south side of Denali National Park.

Glacier Park Collection:

- Apgar Village Lodge (48 rooms) and Motel Lake McDonald (27 rooms) are located inside Glacier National Park.

- Glacier Park Lodge (162 rooms) is located in East Glacier, Montana.

- Grouse Mountain Lodge (145 rooms) is located near Glacier National Park in Whitefish, Montana.

- Prince of Wales Hotel (86 rooms) is located in Waterton Lakes National Park, Alberta, Canada.
- St. Mary Lodge (116 rooms) is located outside the east entrance of Glacier National Park in St. Mary, Montana.
- West Glacier Motel & Cabins (32 rooms) is located outside the west entrance of Glacier National Park.

Transportation

The Banff Jasper Collection’s transportation operations include sightseeing tours, airport shuttle services, and seasonal charter motorcoach services. The sightseeing services include seasonal half- and full-day tours from Calgary, Banff, Lake Louise, and Jasper, Canada and bring guests to the most scenic areas of Banff and Jasper National Parks. The charter business operates a fleet of luxury motorcoaches, available for groups of any size, for travel throughout the Canadian provinces of Alberta and British Columbia during the winter months. The Alaska Collection offers a unique sightseeing tour 92 miles deep into Denali National Park.

Travel Planning

The Banff Jasper Collection offers a full suite of corporate and event management services for meetings, conferences, incentive travel, sports, and special events. Event-related service offerings include staffing, off-site events, tours/activities, team building, accommodations, event management, theme development, production, and audio-visual services. The Banff Jasper Collection also owns and operates eight Explore Rockies activity booking centers throughout Banff and Jasper National Parks and Calgary, Alberta. The Alaska Collection provides complete travel planning services throughout Alaska.

Seasonality

Pursuit experiences peak activity during the summer months. During 2018, 87% of Pursuit's revenue was earned in the second and third quarters.

Competition

Pursuit generally competes on the basis of location, uniqueness of facilities, service, quality, and price. Competition exists both locally and regionally across all four lines of business. The hospitality business has a large number of competitors and competes for leisure travelers (both individual and tour groups) across the United States and Canada. Pursuit's competitive advantage is its distinctive attractions, iconic destinations, and strong culture of hospitality and guest services.

Growth Strategy

Pursuit remains focused on delivering inspiring and unforgettable guest experiences in iconic locations while growing and enhancing its unique portfolio of integrated tourism assets through its Refresh-Build-Buy growth initiatives as follows:

- **Refresh.** Refreshing our existing assets, experiences, and processes to optimize market position and maximize returns
- **Build.** Building new assets and experiences that create additional revenue streams with economies of scale and scope
- **Buy.** Buying strategic assets that complement our portfolio and generate strong returns on investment.

We continue to search for opportunities to acquire or to build high return tourism assets in iconic natural and cultural destinations that enjoy perennial demand, bring meaningful scale and market share, and offer cross-selling advantages with a combination of attractions and hotels.

Recent Pursuit Developments

• **Reopening of Mount Royal Hotel.** The Mount Royal Hotel officially reopened on July 1, 2018 after being closed for reconstruction due to damages caused by a fire on December 29, 2016. The hotel has been restored to its former beauty, seamlessly blending its storied heritage with thoroughly modern amenities and design.

• **Expansion of FlyOver Concept in Iceland.** In 2017, we acquired the controlling interest (54.5% of the common stock) in Esja Attractions ehf. ("Esja"). Esja, a private Iceland corporation, is developing and will operate Pursuit's new FlyOver Iceland attraction. This attraction expands our virtual flight ride theater concept into Iceland's capital city of Reykjavik. Modeled after our highly successful FlyOver Canada attraction, FlyOver Iceland will provide guests an exhilarating virtual flight experience over some of Iceland's most spectacular scenery and natural wonders. We are scheduled to open our new attraction in July 2019.

• **RV and Cabin Park Development.** In 2017, we began developing approximately 100 acres of undeveloped land adjacent to Glacier National Park that we acquired in connection with our 2014 purchase of the West Glacier

properties. The new development will include a new RV and cabin park with 102 RV slips, 20 guest cabins, five employee housing cabins, guest registration, and a laundromat. Our site is ideally located at the Glacier National Park entrance. We expect the new RV and Cabin Park to open during the 2019 season.

• **Acquisition of Maligne Canyon Restaurant and Renovation** – In 2018, we acquired the Maligne Canyon Restaurant and Gift Shop, which is located within the Maligne Valley of Jasper National Park. This facility sits at a popular trailhead about 10 minutes outside the town of Jasper and along the route to our iconic Maligne Lake Tours attraction. This operation complements our collection of assets in the Jasper area, providing our guests an idyllic spot to dine and relax on their travel adventures. In 2018, we began renovating the property to elevate the food and beverage and retail spaces. We expect to open the new restaurant in the spring of 2019 as the Maligne Canyon Wilderness Kitchen.

• **Expansion of Seward Windsong Lodge** – In 2018, we began construction on the expansion of the Seward Windsong Lodge, one of our hospitality properties located in Seward, Alaska, near Kenai Fjords National Park. This expansion will feature 36 new guestrooms, six of which will be suites. We expect to open this new addition in June 2019.

• **Renovation of Glacier View Lodge** – In 2018, we began the renovation of our 32-room Glacier View Lodge in Jasper National Park, which will provide an elevated lodging experience that matches its incredible views of the majestic Columbia Icefield. We expect to open the renovated lodge in June 2019.

• **Improvements to FlyOver Canada Exterior Structure** – In 2019, we began the construction and development of a new guest experience building that will include an expanded retail store, new café, and an enhanced post-show. We expect to open the new building in June 2019.

• **Expansion of FlyOver Concept in Las Vegas** – On February 26, 2019, we announced the expansion of our virtual flight ride theater concept into Las Vegas, Nevada. Modeled after our highly successful FlyOver Canada attraction, FlyOver Las Vegas will provide guests an exhilarating virtual flight experience over some of the most spectacular scenery and natural wonders of the American Southwest. We are scheduled to open our new attraction in early 2021.

Intellectual Property

Our intellectual property rights (including trademarks, patents, copyrights, registered designs, technology, and know-how) are material to our business.

We own or have the right to use numerous trademarks and patents in many countries. Depending on the country, trademarks remain valid for as long as we use them, or as long as we maintain their registration status. Trademark registrations are generally for renewable, fixed terms. We also have patents for current and potential products. Our patents cover inventions ranging from a modular structure having a load-bearing surface we use in our event and exhibition services, to a surface-covering installation tool and method that reduces our labor costs and improves worker safety. Our U.S. issued utility patents extend for 20 years from the patent application filing date; and our U.S. issued design patents are currently granted for 14 years from the grant date. We also have an extensive design library. Many of the designs have copyright protection and we have also registered many of the copyrights. In the U.S., copyright protection is for 95 years from the date of publication or 120 years from creation, whichever is shorter. While we believe that certain of our patents, trademarks, and copyrights have substantial value, the loss of any one of them would not have a material adverse effect on our financial condition or results of operations.

Our Trademarks

Our U.S. registered trademarks and trademarks pending registration, include Global Experience Specialists & design®, GES®, GES Servicenter®, GES National Servicenter®, GES MarketWorks®, GES Project Central, The Art and Science of Engagement®, Trade Show Rigging TSR®, TSE Trade Show Electrical & design®, Earth Explorers®, Compass Direct®, ethnoMetrics®, eXPRESSO®, FIT®, ON Services, a GES Company & design®, ON Site Audio Visual & design®, FLYOVER®, eco-sense®, ONPEAK®, Mount Royal, Above Banff®, Alaska Denali Travel®, Alaska Denali Escapes®, Alaska Heritage Tours®, by Pursuit, Kenai Fjords Tours & design®, Kenai Fjords Wilderness Lodge®, Seward Windsong Lodge & design®, Talkeetna Alaskan Lodge®, Explore Rockies®, Denali

Backcountry Adventure®, Denali Backcountry Lodge®, and Denali Cabins®. We also own or have the right to use many registered trademarks and trademarks pending registration outside of the United States, including GES®, ShowTech®, Poken®, Visit®, Blitz, a GES Company & design®, Brewster Inc. & design®, Brewster Attractions Explore & design®, Brewster Hospitality Refresh & design®, Glacier Skywalk®, Above Banff®, Explore Rockies®, FLYOVER®, GES Event Intelligence AG®, Pursuit®, by Pursuit®, Soaring Over Canada®, Elk + Avenue Hotel®, Brewster Epic Summer Pass®, and escape.connect.refresh.explore®.

Government Regulation and Compliance

Compliance with legal requirements and government regulations represents a normal cost of doing business. The principal rules and regulations affecting our day-to-day business relate to transportation (such as regulations promulgated by the U.S. Department of Transportation and its state counterparts), our employees (such as regulations implemented by the Occupational Safety and Health Administration, equal employment opportunity laws, guidelines implemented pursuant to the Americans with Disabilities Act, and general federal and state employment laws), unionized labor (such as guidelines imposed by the National Labor Relations Act), U.S. and Canadian regulations relating to national parks (such as regulations established by Parks Canada, the U.S. Department of the Interior, and the U.S. National Park Service), and U.S. and Canadian regulations relating to boating (such as regulations implemented by the U.S. and Canadian Coast Guard and state boating laws).

Some of our current and former businesses are subject to U.S. federal and state environmental regulations, including laws enacted under the Comprehensive Environmental Response, Compensation and Liability Act, or our state law counterparts. Compliance with federal, state, and local environmental, health and safety provisions, including, but not limited to, those regulating the discharge of materials into the environment and other actions relating to the environment, have not had, and we do not expect them to have, a material effect on our capital expenditures, competitive position, financial condition, or results of operations.

Employees

We had the following number of employees as of December 31, 2018:

	Number of Employees (1)
GES	4,366
Pursuit	773
Viad Corporate	57
Total	5,196

(1) Includes 1,089 employees covered by collective bargaining agreements.

We believe that relations with our employees are good and that collective-bargaining agreements expiring in 2019 will be renegotiated in the ordinary course of business without a material adverse effect on our operations.

We are governed by a Board of Directors comprising eight non-employee directors and one employee director, and we have an executive management team with nine executive officers.

Available Information

We were incorporated in Delaware in 1991. Our common stock trades on the New York Stock Exchange under the symbol "VVI."

Our website address is www.viad.com. All of our SEC filings, including our Annual Reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, are available free of charge on our website as soon as reasonably practicable after we electronically file that material with, or furnish it to, the SEC. The information contained on our website is neither a part of, nor incorporated by reference into, this 2018 Form

10-K. The SEC's website, www.sec.gov, contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Our investor relations website is www.viad.com/investors/investor-center/default.aspx and includes key information about our corporate governance initiatives, including our Corporate Governance Guidelines, our Board of Directors committee charters, our Code of Ethics, and information concerning our Board members and how to communicate with them.

Item 1A. Risk Factors

Our operations and financial results are subject to known and unknown risks. As a result, past financial performance and historical trends may not be reliable indicators of our future performance.

Completed acquisitions may not perform as anticipated or be integrated as planned. We regularly evaluate and pursue opportunities to acquire businesses that complement, enhance, or expand our current business, or offer growth opportunities. Our acquired businesses might not meet our financial and non-financial expectations or yield anticipated benefits. Our

success depends, in part, on our ability to conform controls, policies and procedures, and business cultures; consolidate and streamline operations and infrastructures; identify and eliminate redundant and underperforming operations and assets; manage inefficiencies associated with the integration of operations; and retain the acquired business's key personnel and customers. Moreover, our acquisition activity potentially subjects us to new regulatory requirements, distracts our senior management and employees, and exposes us to unknown liabilities or contingencies that we may fail to identify prior to closing. If our acquisitions cause us to make changes to our business strategy or if external conditions adversely affect our business operations, we may also be required to record an impairment charge to goodwill or intangible assets. Additionally, we may borrow funds to finance strategic acquisitions. Debt leverage resulting from future acquisitions would reduce our debt capacity, increase our interest expense, and limit our ability to capitalize on future business opportunities. Such borrowings may also be subject to fluctuations in interest rates. Any of these risks could materially and adversely affect our business, product and service sales, financial condition, and results of operations.

Related to our 2016 acquisition of ON Services, we have experienced a longer than anticipated integration that resulted in operational inefficiencies and operating performance below our expectations. We will continue to review the financial performance of ON Services in future quarters as new information becomes available. Changes to our assumptions or circumstances may result in impairment charges in the future.

We are vulnerable to deterioration in general economic conditions. Our business is sensitive to fluctuations in general economic conditions in the U.S. and other global markets in which we operate. A decline in global or regional economic conditions, or consumers' fears that economic conditions will decline, could cause declining consumer confidence, unemployment, fluctuations in stock markets and interest rates, contraction of credit availability, or other dynamic factors affecting economic conditions generally. The success of our GES business largely depends on the number of exhibitions held, the size of exhibitors' marketing expenditures, and on the strength of particular industries in which exhibitors operate. The number and size of exhibitions generally decrease when the economy weakens. We also suffer from reduced spending for our services because many exhibitors' marketing budgets are partly discretionary, and are frequently among the first expenditures reduced when economic conditions deteriorate. Consequently, marketing expenditures reduced during a downturn are often not increased until economic conditions improve. In addition, travel and vacation spending is discretionary in nature. Revenue from our Pursuit operation depends largely on the amount of disposable income that consumers have available for travel and vacations. This amount decreases during periods of weak general economic conditions. Any of these risks could materially and adversely affect our business, product sales, financial condition, and results of operations.

We depend on our large exhibition event clients to renew their service contracts and on our exclusive right to provide those services. During 2018, no single client accounted for more than 8% of our consolidated revenue. However, GES has a number of large exhibition event organizers and large customer accounts. If any of these large clients do not renew their service contracts, our results of operations could be materially and adversely affected.

Moreover, when event organizers hire GES as the official services contractor, they usually also grant GES an exclusive right to perform audio visual, electrical, plumbing, and other services (the "Event Services") at the exhibition facility. However, some exhibition facilities are under financial pressure to in-source certain Event Services (either by performing the services themselves or by hiring a separate service provider) as a result of conditions generally affecting their industry, such as an increased supply of exhibition space. If exhibition facilities choose to in-source Event Services, GES will lose the ability to provide certain Event Services despite being the official services contractor, and our results of operations could be materially and adversely affected.

Our business is relationship driven. Our GES business is heavily focused on client relationships, and, specifically, on having close collaboration and interaction with our clients. To be successful, our account teams must be able to understand clients' desires and expectations in order to provide top-quality service. If we lose a key member of our

account teams, we could also lose customers and our results of operations could be materially and adversely affected.

We operate in highly competitive and dynamic industries. Competition in the Live Events markets is driven by price and service quality, among other factors. To the extent competitors seek to gain or retain their market presence through aggressive underpricing strategies, we may be required to lower our prices and rates to avoid the loss of related business. Moreover, recent customer consolidations and other actions have caused downward pricing pressure for our products and services and could affect our ability to negotiate favorable terms with our customers. If we are unable to anticipate and respond as effectively as competitors to changing business conditions, including new technologies and business models, we could lose market share to our competitors. Our inability to meet the challenges presented by the competitive and dynamic environment could materially and adversely affect our results of operations.

Travel industry disruptions, particularly those affecting the hotel and airline industries, could adversely affect our business. Our business depends largely on the ability and willingness of people, whether exhibitors, exhibition attendees, tourists, or others, to travel. Factors adversely affecting the travel industry, and particularly the airline and hotel industries, generally also adversely affect our business and results of operations. Factors that could adversely affect the travel industry include high or rising fuel prices, increased security and passport requirements, weather conditions, airline accidents, acts of terrorism, and international political instability and hostilities. Any of these factors, or other unexpected events that affect the availability and pricing of air travel and accommodations, could materially and adversely affect our business and results of operations.

New capital projects may not be commercially successful. From time to time, we pursue capital projects, such as our current construction of FlyOver Iceland and other efforts to upgrade some of our Pursuit offerings, in order to seize opportunities that complement, enhance, and expand our business. Capital projects are subject to a number of risks, including unanticipated delays, cost overruns, and the failure to achieve established financial and strategic goals, as well as additional risks specific to a project. The occurrence of any of these events could prevent a new capital project from performing in accordance with our commercial expectations and could materially and adversely affect our business and results of operations.

The seasonality of our business makes us particularly sensitive to adverse events during peak periods. The peak activity for our Pursuit business is during the summer months. Consequently, during 2018, 87% of Pursuit's revenue was earned in the second and third quarters. Our GES exhibition and event activity varies significantly because it is based on the frequency and timing of shows, many of which are not held each year and which may shift between quarters. If adverse events or conditions occur during these peak periods, our results of operations could be materially and adversely affected.

Transportation disruptions and increases in transportation costs could adversely affect our business and results of operations. GES relies on independent transportation carriers to send materials and exhibits to and from exhibition, warehouse, and customer facilities. If our customers and suppliers are unable to secure the services of those independent transportation carriers at favorable rates, it could materially and adversely affect our business and results of operations. In addition, disruption of transportation services due to weather-related problems, labor strikes, lockouts, or other events could adversely affect our ability to supply services to customers and could cause the cancellation of exhibitions, which could materially and adversely affect our business and results of operations.

Natural disasters and other catastrophic events could negatively affect our business. The occurrence of catastrophic events ranging from natural disasters (such as hurricanes, fires, floods, and earthquakes), health epidemics or pandemics, acts of war or terrorism, accidents involving our travel offerings or experiences, or the prospect of these events could disrupt our business. Such catastrophic events have, and could have, an adverse impact on Pursuit, which is heavily dependent on the ability and willingness of its guests to travel and/or visit our attractions. Pursuit guests tend to delay or postpone vacations if natural conditions differ from those that typically prevail at competing lodges, resorts, and attractions, and catastrophic events could impede the guests' ability to travel, and interrupt our business operations, including damaging our properties. Such catastrophic events could also have a negative impact on GES, causing a cancellation of exhibitions and other events held in public venues or disrupt the services we provide to our customers at convention centers, exhibition halls, hotels, and other public venues. They could also have a negative impact on GES' production facilities, preventing us from timely completing exhibit fabrication and other projects for customers. In addition, unfavorable media attention, or negative publicity, in the wake of a catastrophic event could damage our reputation or reduce the demand for our services. If the conditions arising from such events persist or worsen, they could materially and adversely affect our results of operations and financial condition.

Uncertainties in the interpretation and application of recent U.S. tax legislation may materially and adversely affect our financial condition, results of operations, and cash flows. The Tax Cuts and Jobs Act (the “Tax Act”), enacted in late 2017, made significant changes to U.S. income tax laws that could affect our business. For instance, the limits on interest expense deductions, the limit on use of net operating losses, and the limitation on the use of certain foreign tax credits could adversely affect our results of operations; however, the expensing of certain capital assets is expected to be beneficial. In addition, application of new taxes based on certain international operations is still unclear and final regulations issued by the Department of Treasury may subject us to additional tax that could adversely affect our results of operations. Congress has indicated that it intends to issue a technical correction bill in 2019 that could lessen or increase the impacts on our results of operations. We believe we have complied with our obligations and applied the new tax laws correctly; however, if successfully challenged, the outcome could adversely affect our results of operations.

Our participation in multi-employer pension plans could substantially increase our pension costs. We sponsor a number of defined benefit plans for our U.S. and Canada-based employees. In addition, we are obligated to contribute to multi-employer pension plans under collective-bargaining agreements covering our union-represented employees. We contributed \$26.4 million in 2018, \$26.6 million in 2017, and \$25.8 million in 2016 to those multi-employer pension plans. Third-party boards

of trustees manage these multi-employer plans. Based upon the information we receive from plan administrators, we believe that several of those multi-employer plans are underfunded. The Pension Protection Act of 2006 requires us to reduce the underfunded status over defined time periods. Moreover, we would be required to make additional payments of our proportionate share of a plan's unfunded vested liabilities if a plan terminates, or other contributing employers withdraw, due to insolvency or other reasons, or if we voluntarily withdraw from a plan. We are currently working with the Chicago Teamsters union leadership to finalize the terms of a new collective-bargaining agreement that includes a partial withdrawal from the Central States pension plan, which would trigger a partial withdrawal liability that is currently estimated at a net present value of approximately \$14 million, payable over the next 20 years. At this time, we do not anticipate triggering any withdrawal from any other multi-employer pension plan to which we currently contribute. However, significant plan contribution increases could materially and adversely affect our consolidated financial condition, results of operations, and cash flows. Refer to Note 18 – Pension and Postretirement Benefits of the Notes to Consolidated Financial Statements (Part II, Item 8 of this 2018 Form 10-K) for further information.

Union-represented labor increases our risk of higher labor costs and work stoppages. Significant portions of our employees are unionized. We have approximately 100 collective-bargaining agreements, and we are required to renegotiate approximately one-third of those each year. If we increase wages or benefits as a result of labor negotiations, either our operating margins will suffer, or we could increase the cost of our services to our customers, which could lead those customers to turn to other vendors with lower prices. Either event could materially and adversely affect our business and results of operations.

Additionally, if we are unable to reach an agreement with a union during the collective-bargaining process, the union may strike or carry out other types of work stoppages. If that happens, we might be unable to find substitute workers with the necessary skills to perform many of the services, or we may incur additional costs to do so, both of which could materially and adversely affect our business and results of operations.

Liabilities relating to prior and discontinued operations may adversely affect our results of operations. We, and our predecessors, have a corporate history spanning decades and involving diverse businesses. Some of those businesses owned properties and used raw materials that have been, and may continue to be, subject to litigation. Moreover, some of the raw materials used and the waste produced by those businesses have been and are the subject of U.S. federal and state environmental regulations, including laws enacted under the Comprehensive Environmental Response, Compensation and Liability Act, or its state law counterparts. In addition, we may incur other liabilities resulting from indemnification claims involving previously sold properties and subsidiaries, or obligations under defined benefit plans or other employee plans, as well as claims from past operations of predecessors or their subsidiaries. Although we believe we have adequate reserves and sufficient insurance coverage to cover those future liabilities, future events or proceedings could render our reserves or insurance protections inadequate, any of which could materially and adversely affect our business and results of operations.

Show rotation affects our profitability and makes comparisons between periods difficult. GES results are largely dependent upon the frequency, timing, and location of exhibitions and events. Some large exhibitions are not held annually (they may be held once every two, three, or four years) or may be held at different times of the year from when they were previously held. In addition, the same exhibition may change locations from year to year resulting in lower margins if the exhibition shifts to a higher-cost location. Any of these factors could cause our results of operations to fluctuate significantly from quarter to quarter or from year to year, making periodic comparisons difficult.

We are subject to currency exchange rate fluctuations. We have operations outside of the U.S. primarily in Canada, the United Kingdom, the Netherlands, Germany, and to a lesser extent, in certain other countries. During 2018, GES International and Pursuit's international operations accounted for approximately 31% of our consolidated revenue and

63% of our segment operating income. Consequently, a significant portion of our business is exposed to currency exchange rate fluctuations. Our financial results and capital ratios are sensitive to movements in currency exchange rates because a large portion of our assets, liabilities, revenue, and expenses must be translated into U.S. dollars for reporting purposes. The unrealized gains or losses resulting from the currency translation are included as a component of accumulated other comprehensive income (loss) in our consolidated balance sheets. As a result, significant fluctuations in currency exchange rates could result in material changes to the net equity position we report in our consolidated balance sheets. We do not currently hedge equity risk arising from the translation of non-U.S. denominated assets and liabilities.

We are vulnerable to cybersecurity attacks and threats. We regularly collect and process credit, financial, and other personal and confidential information from individuals and entities who attend or participate in events and exhibitions that we produce, or who visit our attractions and other offerings. In addition, our devices, servers, computer systems, and business systems are vulnerable to cybersecurity risk, including cyberattacks, or we may be the target of email scams that attempt to acquire personal information and company assets. Despite our efforts to protect ourselves with insurance, and create security barriers to such threats, including regularly reviewing our systems for vulnerabilities and continually updating our

protections, we might not be able to entirely mitigate these risks. Our failure to effectively prevent, detect, and recover from the increasing number and sophistication of information security threats could lead to business interruptions, delays or loss of critical data, misuse, modification, or destruction of information, including trade secrets and confidential business information, reputational damage, and third-party claims, any of which could materially and adversely affect our results of operations.

Laws and regulations relating to the handling of personal data are evolving and could result in increased costs, legal claims, or fines. We store and process the personally identifiable information of our customers, employees, and third parties with whom we have business relationships. The legal requirements restricting the way we store, collect, handle, and transfer personal data continue to evolve, and there are an increasing number of authorities issuing privacy laws and regulations. These data privacy laws and regulations are subject to differing interpretations and are creating uncertainty and inconsistency across jurisdictions. Our compliance with these myriad requirements could involve making changes in our services, business practices, or internal systems, any of which could increase our costs, lower revenue, or reduce efficiency. Our failure to comply with existing or new rules could result in significant penalties or orders to stop the alleged noncompliant activity, litigation, adverse publicity, or could cause our customers to lose trust in our services. In addition, if the third parties we work with violate applicable laws, contractual obligations, or suffer a security breach, those violations could also put us in breach of our obligations under privacy laws and regulations. In addition, the costs of maintaining adequate protection, including insurance protection against such threats, as they develop in the future (or as legal requirements related to data security increase) are expected to increase and could be material. Any of these risks could materially and adversely affect our business and results of operations.

The United Kingdom's exit from the European Union could adversely affect our business. We operate substantial parts of our EU businesses from U.K.-based entities. The June 23, 2016 U.K. referendum resulted in a determination that the U.K. should exit the EU. In March 2017, the U.K. government initiated the exit process under Article 50 of the Treaty of the EU, thereby setting a March 29, 2019 withdrawal date. In December 2018, the European Court of Justice ruled that the U.K. could decide to stop the withdrawal and remain a member of the EU. The ruling increased the uncertainty surrounding the timing, terms, and consequences of the U.K.'s exit. This uncertainty could have an adverse impact on customers, and cause our event organizer customers to relocate regional and global events outside of the U.K. Any of these scenarios could cause operational and logistic challenges for our businesses, could require us to shift our project planning, and could increase costs for our customers and clients. Moreover, if the U.K. exits from the EU, there could be delays in moving goods through border crossings, and the regulatory and legal environment that would then govern our U.K. operations will depend on the circumstances surrounding the U.K.'s exit from the EU. Any new arrangements may require us to make changes to our operations in Europe, which could result in a higher cost and less efficient operating model across our European business. These new arrangements could adversely affect our business and results of operations.

Changes in U.S. trade policy, including the imposition of tariffs and the resulting consequences, may have a material adverse impact on our business, operating results, and financial condition. The U.S. government has indicated its intent to adopt a new approach to trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements. It has also initiated tariffs on certain foreign goods and has raised the possibility of imposing significant, additional tariff increases or expanding the tariffs to capture other types of goods. In response, certain foreign governments have imposed retaliatory tariffs on goods that their countries import from the U.S. These actions have created significant uncertainty about the future relationship between the U.S. and other countries with respect to trade policies, treaties, and tariffs. These developments, or the perception that any of them could occur, could make it more difficult or costly for us to do business in or import our products from those countries. This in turn could require us to increase prices to our customers, which may reduce demand, or, if we are unable to increase prices, result in lowering our margin on products and services sold, which could adversely affect our business and results of operations.

Item 1B. Unresolved Staff Comments

None.

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Item 2. Properties

We operate service or production facilities and maintain sales and service offices in the United States, Canada, the United Kingdom, Germany, the United Arab Emirates, the Netherlands, Switzerland, and Romania. Our principal properties are operated by GES, Pursuit, and Viad Corporate.

GES

	Offices		Multi-use Facilities ⁽¹⁾	
	Owned	Leased	Owned	Leased
GES U.S.	—	19	2	27
GES International:				
Canada	—	3	—	6
United Kingdom	—	2	—	7
Germany	—	1	—	2
United Arab Emirates	—	1	—	2
Netherlands	—	1	—	1
Switzerland	—	1	—	—
Romania	—	—	—	1
Total GES International	—	9	—	19
Total GES	—	28	2	46

⁽¹⁾Multi-use facilities include manufacturing, sales and design, office, storage and/or warehouse, and truck marshaling yards. Multi-use facilities vary in size up to approximately 677,800 square feet at GES U.S. and approximately 133,600 square feet at GES International.

Pursuit

	Owned	Leased
Offices ⁽¹⁾⁽²⁾	2	7
Retail stores	27	1
Bus terminal	1	—
Garages ⁽¹⁾	4	2
Attractions ⁽¹⁾	7	—
Hotels/Lodges ⁽¹⁾⁽³⁾	15	—
Total Pursuit	56	10

⁽¹⁾Includes four hotels/lodges, an office, all of the owned garages, and all of the Canadian-based attractions situated on land subject to multiple long-term ground leases with the Canadian government.

⁽²⁾One of Pursuit's offices is leased by Viad.

⁽³⁾Includes ancillary food and beverage services, retail, and recreational facilities.

Viad Headquarters

Our headquarters is leased and approximates 19,900 square feet, and is located at 1850 North Central Avenue, Suite 1900 in Phoenix, Arizona 85004-4565.

We believe our facilities are adequate and suitable for our business operations and that capacity is sufficient for current needs. For additional information related to our lease obligations, refer to Note 12 – Debt and Capital Lease Obligations and Note 20 – Leases and Other of the Notes to Consolidated Financial Statements (Part II, Item 8 of this 2018 Form 10-K).

Item 3. Legal Proceedings

Refer to Note 21 – Litigation, Claims, Contingencies, and Other of the Notes to Consolidated Financial Statements (Part II, Item 8 of this 2018 Form 10-K) for information regarding legal proceedings for which we are involved.

Item 4. Mine Safety Disclosures

Not applicable.

Other. Executive Officers of the Registrant

Our executive officers as of the date of this 2018 Form 10-K were as follows:

Name	Age	Business Experience During the Past Five Years and Other Information
Steven W. Moster	49	President and Chief Executive Officer of Viad since 2014; President of GES from November 2010 to February 2019; prior thereto, held various executive management roles within the GES organization, including Executive Vice President-Chief Sales & Marketing Officer from 2008 to February 2010; Executive Vice President-Products and Services from 2006 to 2008; and Vice President-Products & Services Business from 2005 to 2006; and prior thereto, Engagement Manager, Management Strategy Consulting for McKinsey & Company, a global management consulting firm, from 2000 to 2004.
Ellen M. Ingersoll	54	Chief Financial Officer since July 2002; prior thereto, Vice President-Controller or similar position since 2002; prior thereto, Controller of CashX, Inc., a service provider of stored value internet cards, from June 2001 through October 2001; prior thereto, Operations Finance Director of LeapSource, Inc., a provider of business process outsourcing, from 2000 to June 2001; and prior thereto, Vice President and Controller of Franchise Finance Corporation of America, a real estate investment trust, from 1992 to 2000.
David W. Barry	56	President of Pursuit since June 2015; prior thereto, Chief Executive Officer and President of Trust Company of America, an independent registered investment adviser custodian, from 2011 to June 2015; prior thereto, Chief Executive Officer of Alpine/CMH, a helicopter skiing company, from 2007 to 2011; and prior thereto, Chief Operating Officer for all U.S. resort operations of Intrawest Corporation (formerly NYSE: IDR) (now Alterra Mountain Company) a North American mountain resort and adventure company, from 2004 to 2007.
Derek P. Linde	43	General Counsel and Corporate Secretary since 2018; prior thereto, Deputy General Counsel and Assistant Secretary at Illinois Tool Works Inc. (NYSE: ITW), a diversified manufacturer of specialized industrial equipment, from 2014 to 2018, and Associate General Counsel and Assistant Secretary from 2011 to 2014; prior thereto, a partner at the law firm of Winston & Strawn LLP, from 2008 to 2011, and an Associate from 2000 to 2008.
Trisha L. Fox	49	Chief Human Resources Officer since 2018; prior thereto, Executive Vice President, Human Resources, from 2016 to 2018; prior thereto, Senior Vice President at Fifth Third Bank Chicago, (NASDAQ: FITB), a diversified financial services company, from 2011 to 2016; prior thereto, Director, then Senior Director, Human Resources at Dean Foods Company (NYSE:DF), a food and beverage company, from 2009 to 2011; prior thereto, various roles of increasing responsibility in Human Resources at PepsiCo, Inc. (NASDAQ: PEP), a global food and beverage company from 1999 to 2009.
Jay A. Altizer	48	President of GES North America since 2018; prior thereto, Managing Director of Falling Branch Advisors LLC, a management advisory firm, from May 2015 to May 2018; prior thereto, Sr. Vice President and General Manager of Saputo Inc. (TSX: SAP), a global dairy producer, from September

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2007 to April 2015; prior thereto, General Manager at Dean Foods Company (NYSE:DF), a food and beverage company, from September 2010 to January 2013, and Vice President of Strategy from September 2007 to September 2010; prior thereto, Sr. Manager of Strategy and Business Development of PepsiCo, Inc. (NASDAQ: PEP), a global food and beverage company from July 2005 to August 2007; prior thereto, General Manager at Exhibitgroup/Giltspur, a former Viad marketing and events division, from May 2004 to June 2005. Mr. Altizer has been a Director of the following two non-profits: On the Road Lending, since May 2013, and Chairman since 2017; and Champion Impact Capital, where he is also Treasurer, since May 2013.

Richard A. Britton 58 Chief Information Officer since 2018; prior thereto, Executive Vice President, Information Technology, from 2015 to 2018; prior thereto, 16 years in various roles of increasing responsibility in the Healthcare and Reinsurance divisions of General Electric Company (NYSE:GE), a global digital industrial company, including Executive IT Leader at GE Healthcare from 2007 to October 2015.

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Jason A. Popp 48 President of GES EMEA since February 2019; Executive Vice President, International from July 2007 to February 2019; prior thereto, Sr. Vice President – International Strategy and Operations of Exhibitgroup/Giltspur, a former Viad marketing and events division, from October 2004 to July 2007; prior thereto, Engagement Manager at L.E.K. Consulting, a global management consulting firm with assignments in London and Los Angeles, from 2000 to 2004; prior thereto, various roles of increasing responsibility, including Commercial Director at Royal Dutch Shell plc (NYSE: RDSA), a British-Dutch oil and gas company with assignments in Hungary and Spain, from 1992 to 1998.

Leslie S. Striedel 56 Chief Accounting Officer since 2014; prior thereto, Vice President of Finance from March 2014 to April 2014; prior thereto, Vice President of Finance and Administration or similar positions with Colt Defense LLC, a designer, developer and manufacturer of firearms for military, personal defense, and recreational purposes, from 2010 to 2013; prior thereto, Vice President of Finance, Director of Financial Reporting and Compliance, and Corporate Controller of White Electronics Designs Corp. (formerly NASDAQ: WEDC) (now a subsidiary of Microsemi Corporation, a wholly owned subsidiary of Microchip Technology Inc.), a circuits and semiconductors manufacturer, from 2004 to 2010; and prior thereto, Corporate Controller of MD Helicopters, an international helicopter manufacturer, from 2002 to 2004; prior thereto, Corporate Controller of Fluke Networks (formerly Microtest, Inc. NASDAQ: MTST), a manufacturing and technology company, from 1999 to 2002; and prior thereto, Senior Tax Manager for KPMG LLP, a global firm providing audit, tax, and advisory services, from 1998 to 1999.

Our executive officers' term of office is until our next Board of Directors annual organization meeting to be held on May 16, 2019.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is traded on the New York Stock Exchange under the symbol VVI.

Holder

As of January 31, 2019, there were 5,301 shareholders of record of our common stock, including 252 shareholders that had not converted their shares following a reverse stock split effective on July 1, 2004.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
		Per Share		

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October 1, 2018 - October 31, 2018	39,922	\$ 48.35	39,800	225,649
November 1, 2018 - November 30, 2018	60,461	\$ 50.59	59,992	165,657
December 1, 2018 - December 31, 2018	65,590	\$ 48.08	65,590	100,067
Total	165,973	\$ 49.06	165,382	100,067

Our Board of Directors has authorized us to repurchase shares of our common stock from time to time at prevailing market prices. As of December 31, 2018, 100,067 shares remained available for repurchase. The Board's authorization has no expiration date. In addition, during the three months ended December 31, 2018, 165,382 were repurchased on the open market for \$8.1 million. During the fourth quarter of 2018, certain previously owned shares of common stock were surrendered by employees, former employees, and non-employee directors for tax withholding requirements on vested share-based awards.

Effective February 7, 2019, our Board of Directors approved an additional 500,000 shares to repurchase, bringing our total authorized shares remaining to 600,067.

Performance Graph

The following graph compares the change in the cumulative total shareholder return, from December 31, 2013 to December 31, 2018, on our common stock, the Standard & Poor's SmallCap 600 Media Index, the Standard & Poor's SmallCap 600 Commercial Services & Supplies Index, the Standard & Poor's SmallCap 600 Index, the Russell 2000 Index, and Standard & Poor's 500 Index (assuming reinvestment of dividends, as applicable). The graph assumes \$100 was invested on December 31, 2013.

	Year Ended December 31,					
	2013	2014	2015	2016	2017	2018
Viad Corp	\$100.00	\$103.72	\$111.42	\$176.07	\$222.98	\$203.11
S&P 500	\$100.00	\$113.68	\$115.24	\$129.01	\$157.16	\$150.26
Russell 2000	\$100.00	\$104.90	\$100.27	\$121.61	\$139.40	\$124.03
S&P SmallCap 600	\$100.00	\$105.74	\$103.61	\$131.03	\$148.26	\$135.63
S&P SmallCap 600 Comm. Services & Supplies	\$100.00	\$99.32	\$96.92	\$123.72	\$132.48	\$118.65
S&P SmallCap 600 Media	\$100.00	\$117.31	\$123.60	\$110.89	\$127.84	\$106.30

Item 6. Selected Financial Data

(in thousands, except per share data)	Year Ended December 31,				
	2018	2017	2016	2015	2014
Summary Statement of Operations Data					
Revenue ⁽¹⁾	\$1,296,184	\$1,306,965	\$1,204,970	\$1,089,048	\$1,064,987
Income from continuing operations ⁽²⁾	\$47,914	\$58,452	\$43,479	\$27,442	\$41,178
Income from continuing operations attributable to Viad common stockholders	\$47,689	\$57,975	\$42,953	\$27,000	\$40,790
Basic and diluted income from continuing operations attributable to					
Viad common stockholders per share	\$2.33	\$2.84	\$2.12	\$1.34	\$2.02
Dividends declared per common share	\$0.40	\$0.40	\$0.40	\$0.40	\$1.90

(in thousands)	December 31,				
	2018	2017	2016	2015	2014
Summary Balance Sheet Data					
Cash and cash equivalents	\$44,893	\$53,723	\$20,900	\$56,531	\$56,990
Total assets	\$922,541	\$919,899	\$869,816	\$690,723	\$712,979
Total debt and capital lease obligations	\$230,121	\$209,192	\$249,211	\$127,403	\$139,056
Redeemable noncontrolling interest ⁽³⁾	\$5,909	\$6,648	\$—	\$—	\$—
Total stockholders' equity	\$450,555	\$442,937	\$370,638	\$335,338	\$347,702
Non-redeemable noncontrolling interest	\$14,348	\$13,806	\$13,283	\$12,757	\$12,315

⁽¹⁾The 2017 amounts include \$1.4 million in revenue from our Poken acquisition. The 2016 amounts include an aggregate \$55.7 million in revenue from our acquisitions of ON Event Services, LLC (“ON Services”), CATC Alaska Tourism Corporation (“CATC”), Maligne Lake Tours Ltd. (“Maligne Lake Tours”), and FlyOver Canada. The 2014 amounts include an aggregate \$21.2 million in revenue from our acquisitions of the West Glacier Properties, Blitz Communications Group Limited and its affiliates, onPeak LLC, Travel Planners, Inc., and N200 Limited and its affiliates. Refer to Note 4 – Acquisition of Businesses of the Notes to Consolidated Financial Statements (Part II, Item 8 of this 2018 Form 10-K).

⁽²⁾Income from continuing operations includes the following items:

• Restructuring charges, pre-tax, of \$1.6 million in 2018, \$1.0 million in 2017, \$5.2 million in 2016, \$3.0 million in 2015, and \$1.6 million in 2014. Refer to Note 19 – Restructuring Charges of the Notes to Consolidated Financial Statements (Part II, Item 8 of this 2018 Form 10-K).

- Impairment charges (recoveries), pre-tax, net, of \$(35) thousand in 2018, \$(29.1) million in 2017, \$0.2 million in 2016, \$0.1 million in 2015, and \$0.9 million in 2014. Refer to Note 7 – Property and Equipment of the Notes to Consolidated Financial Statements (Part II, Item 8 of this 2018 Form 10-K).

• Income tax expense in 2018 included a \$3.1 million benefit related to the Tax Act and a \$0.9 million charge for an increase in our valuation allowance for certain foreign net operating losses. Income tax expense in 2017 included a \$16.1 million charge related to the Tax Act. Income tax expense in 2015 included a \$1.6 million non-cash tax benefit related to deferred taxes associated with certain foreign intangibles. Income tax expense in 2014 included an \$11.7

million valuation allowance release related to our foreign tax credit and state net operating loss carryforwards. Refer to Note 17 – Income Taxes of the Notes to Consolidated Financial Statements (Part II, Item 8 of this 2018 Form 10-K).

⁽³⁾On November 3, 2017, we acquired the controlling interest (54.5% of the common stock) in Esja, a private corporation in Reykjavik, Iceland, The shareholders agreement contains a put option that gives the minority Esja shareholders the right to sell (or “put”) their Esja shares to us based on a calculated formula within a predefined term. Refer to Note 22 – Redeemable Noncontrolling Interest of the Notes to Consolidated Financial Statements (Part II, Item 8 of this 2018 Form 10-K)

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated financial statements and related notes. The MD&A is intended to assist in understanding our financial condition and results of operations. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated due to various factors discussed under "Risk Factors," "Forward-Looking Statements," and elsewhere in this 2018 Form 10-K.

Overview

We are an international experiential services company with operations principally in the United States, Canada, the United Kingdom, continental Europe, and the United Arab Emirates. We are committed to providing unforgettable experiences to our clients and guests. We operate through three reportable business segments: GES U.S., GES International, (collectively, "GES"), and Pursuit.

GES is a global, full-service Live Events company that produces exhibitions, conferences, corporate events, and consumer events. GES offers a comprehensive range of live event services including a full suite of audio-visual services from creative and technology to content and design, along with registration, data analytics, engagement, and online tools powered by next generation technologies that help clients easily manage the complexities of their events.

Pursuit is a collection of inspiring and unforgettable travel experiences. Pursuit offers guests distinctive and world renowned experiences through its collection of world-class recreational attractions, unique hotels and lodges, food and beverage, retail, sightseeing, and ground transportation services.

Results of Operations

Financial Highlights

(in thousands, except per share data)	Year Ended December 31,			Percentage	
	2018	2017	2016	Change	Change
				2018 vs. 2017	2017 vs. 2016
Revenue	\$1,296,184	\$1,306,965	\$1,204,970	(0.8)%	8.5%
Net income attributable to Viad	\$49,170	\$57,707	\$42,269	(14.8)%	36.5%
Segment operating income ⁽¹⁾	\$88,517	\$98,598	\$86,854	(10.2)%	13.5%
Diluted income per common share from continuing operations attributable to Viad common stockholders	\$2.33	\$2.84	\$2.12	(18.0)%	34.0%
2018 compared with 2017					

• Total revenue decreased \$10.8 million or 0.8%, mainly due to negative show rotation of approximately \$35 million at GES, offset in part by a favorable foreign exchange impact of \$5.8 million and continued underlying growth at Pursuit.

• Net income attributable to Viad decreased \$8.5 million, primarily due to impairment recoveries in 2017 of \$21.2 million, after tax, related to the Mount Royal Hotel fire, as well as lower segment operating income at GES, offset in part by a \$16.1 million charge in 2017 as a result of the Tax Cuts and Jobs Act (the “Tax Act”) and lower corporate activities expense due to a decrease in performance-based compensation.

• Total segment operating income⁽¹⁾ decreased \$10.1 million, primarily due to lower revenue at GES and investments to support continued growth in both GES and Pursuit, offset in part by lower performance-based compensation.
2017 compared with 2016

• Total revenue increased \$102.0 million or 8.5%, mainly due to the incremental revenue from the ON Services and FlyOver Canada acquisitions, and, to a lesser degree, the Poken and CATC acquisitions, of \$52.6 million and underlying growth at GES and Pursuit, offset in part by negative show rotation of approximately \$8 million and an unfavorable foreign exchange impact of \$5.6 million.

• Net income attributable to Viad increased \$15.4 million or 36.5%, primarily due to impairment recoveries of \$29.1 million related to the Mount Royal Hotel fire, higher segment operating income, and a decrease in restructuring charges, offset in part by higher tax expense, including a \$16.1 million charge as a result of the Tax Act, higher corporate activities expense due to an increase in performance-based compensation driven by our stock price appreciation, and higher interest expense.