AIMIA INC.

FIRST QUARTER 2019

RESULTS CONFERENCE CALL

MAY 14, 2019

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PRESENTATION

Operator

Good morning. My name is James, and I will be your conference operator today. At this time, I'd like to welcome everyone to the Aimia Inc. First Quarter 2019 Results Conference Call. (Operator Instructions)

I'd now like to turn the call over to Karen Keyes, Head of Investor Relations at Aimia. Please go ahead.

Karen Keyes - Aimia Inc. - SVP of IR

Thank you, James, and welcome, everyone, to this morning's call. Today's presentation can be found on our website. Before we get underway, I'd like to remind everyone to review our forward-looking statements, and the cautions and risk factors pertaining to the statements, which can be found on Page 2 of the presentation.

The presentation today will focus on the results of the continuing operations. As we mentioned in March, you'll see that we have moved away from reporting Gross Billings post the Aeroplan sale and so you will see revenue metrics used in our disclosure.

The presentation refers to a number of non-GAAP metrics to help you better understand the results of the business. In particular, I'd like to draw your attention to the definition of the adjusted EBITDA metrics on Slide 4, which now has fewer adjustments to better reflect the shift in the business away from coalition loyalty to a more service-based businesses.

For all our non-GAAP metrics, the definition and a reconciliation to their most comparable GAAP metric can be found on Pages 3 and 4. As usual, you'll find a full GAAP income statement on Page 5.

And finally, Slide 6 will give you helpful summary to the pro forma financials for continuing operations for the 4 quarters of 2018. A deck with further detail by segment can also be found on our website.

With me on the call today are speakers Jeremy Rabe, our Chief Executive Officer; and Steve Leonard, who further to our announcement in March has now assumed the role of Chief Financial Officer. Also in the room is Tom Tran, Director of Finance.

Jeremy will take you through the highlights of the first quarter in around 20 minutes, leaving time for your questions at the end.

And with that, let me hand you over to Jeremy.

Jeremy Rabe - Aimia Inc. - CEO, President & Director

Thanks, Karen. Good morning, everyone. It's nice to be back with you and to stand alongside our new CFO, Steve Leonard. He's new to the role, but not new to Aimia, as many of you know. Steve will take you through the financial details of the quarter in a moment.

So first let me start with the few highlights of what we have been doing since we announced the conclusion of our strategic review 6 weeks ago. Further to the announcement in March, we've taken our new strategy as a loyalty and travel consolidator to employees and customers. The reception has been very positive. The strategy has been reassuring to existing clients and exciting to prospective clients. And should be helpful as we build our sales pipeline and work on stabilizing our revenue.

A good start has been the renewal of our Avis contract. The new agreement extends our business working with them in over 20 countries over a number of years. We have also signed a new contract with HSBC in the Middle East, which will reset how we work with them. I'll come back to that in a moment. And finally, we have a number of smaller wins with new clients in Asia.

As we had already signaled in March, a highlight of the quarter was the exceptional distribution from PLM of $19 million, which tipped the adjusted EBITDA result into positive territory on a reported basis, offsetting the group revenue and gross margin impact of clients we lost last year.

Aimia's underlying operating expenses were down 11% excluding the restructuring we're doing to transform the business and the declines were double that if you normalize for certain items in the quarter.

Finally, we received $497 million of gross proceeds from the sale of Aeroplan in the quarter and expect to finalize the closing adjustments in the coming weeks. The gain on disposal was over $1 billion. And the combination of the boost from the PLM distribution along with gain from the Aeroplan transaction resulted in record net earnings and EPS of close to $7 per share. While overall free cash flow from continuing operations was still negative, the PLM distribution contributed to a $14 million increase in cash from operating activities.

Cash on the balance sheet was over $600 million. And we expect to distribute $150 million around a quarter of our cash due to substantial issuer bid currently underway, which launched on April 8.

Before I hand over to Steve, I wanted to speak briefly to the major transformation we have underway in Loyalty Solutions business, which is a key element of getting Aimia's existing business to profitability during 2020.

The transformation has been meaningful in terms of the headcount we've taken out. You can already see operating expenses coming down. A further 50 employees have exited the business since we last spoke to you and represents a decrease of around almost 300 since the beginning of 2018 when we had close to 900 employees on the like-for-like basis. With around 590 employees at the end of March, we are already most of the way to our year-end target of 550. We've acted with speed to get savings more quickly. But also importantly, our speed of execution is making it easier to clearly communicate our future operating structure to clients and employees.

You can see from the chart that our revenue continues to be broadly spread across major operating centers. While we have fewer locations, we continue to be able to serve big clients from a number of key global hubs. This remains a differentiator for Aimia in the market and matters to clients like Avis and HSBC.

Finally, last change I wanted to speak to was the shift we've made into a more of a services-based business, which helps clients design and maintain their own loyalty programs. Under the terms of the renewed contract we've signed with HSBC, we will move to services-based contract. Going forward, we will manage HSBC's participation in the Air Miles Middle East program on a fee-for-services basis rather than a pay-for-points issuance model.

HSBC will also pay Aimia for rewards when member redemptions occur. To reflect the fact that contractual obligation to fund the redemption liability will now lie with HSBC, Aimia will make an accelerated payment of $26 million in 2019 to cover the existing points liability rather than paying that same amount over the coming years. This acceleration would have been payable on any termination. We're pleased to see it being

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made instead in the context of a renewal, which extends our business into 2022 and solidifies the future of the Middle East coalition program, which has enrolled more than 1.6 million members across 3 countries since it was established in 2001. Importantly, it also sets up a strong base from which we can generate future revenue from additional coalition partners in the region.

And with that, let me turn it over to Steve.

Steven Leonard - Aimia Inc. - CFO

Thank you, Jeremy. So let me start with the headline numbers. As Jeremy mentioned, the first quarter revenue decline reflected lower spend by existing clients, one-time project revenues in 2018, which did not repeat this year, and clients lost in 2018.

We have made progress in aligning cost to the revenue run rate with an 11% decline in operating expenses, excluding restructuring.

The PLM distribution was $19 million or almost $15 million higher than last year, delivering adjusted EBITDA boost on consolidated basis that Jeremy spoke to. It took the reported number to around $1 million or closer to $6 million, if you exclude $5 million of restructuring in the quarter.

As we go through 2019 and grow revenue with new and existing clients, you'd expect the impact of those lost clients to roll off. Combined with taking restructuring in early 2019 should result in stronger results in the second half.

Finally, we saw favorable improvements in free cash flow before dividends paid and excluding restructuring, which improved free cash flow by $23 million, and if you were to back up the PLM distribution, it would have been an improvement of $9 million over the same period last year. The full year distribution should be around $37 million from PLM with another $18 million to be distributed over the rest of the year and we expect PLM will continue to generate meaningful cash from the business and we agreed with our partner Aeromexico and it makes little sense to retain more cash in the business then as necessary to fund normal business operations, including coverage of the redemption liability.

Turning to the PLM operating results. Gross Billings growth in the quarter was slower as expected, short-term macro conditions and capacity headwinds drove slower passenger growth at Aeromexico. Cardholder and member acquisitions continues to grow providing a solid long-term base. Member growth was up 13% in the same quarter -- over the same quarter last year to $6.3 million.

There continues to be a longer-term opportunity to grow in a country where the adult population is close to 80 million. Despite this, adjusted EBITDA margin remained strong. Q1 adjusted EBITDA of $20 million represented a margin of 33%, was 19% over last year's $17 million, reflecting the change in breakage on a like-for-like basis.

Turning to the Aimia Operating business. Effective this quarter, our Loyalty Solutions activities are now grouped into 1 reporting segment with corporate and other picking up the cost such as Board and public company cost.

Our distribution from our investments in PLM are reported in corporate as are our other investments. Loyalty Solutions adjusted EBITDA loss for the quarter was $5 million compared to $3 million last year as loss revenue and gross margin was partially offset by lower operating expense and we absorbed $2 million in platform development expenses. ISS platform development costs are increasing this year's expense line, whereas last year, the same cost, which totaled $3 million, were capitalized.

All of the $5 million in restructuring expense incurred this quarter was incurred in Loyalty Solutions, reflecting the transformation Jeremy spoke to a few minutes ago.

Normalizing for the operating expenses in Loyalty Solutions, they were down 15% to $37 million. Had platform development expenses been treated in the same way as 2018, the reduction would have been 20% lower.

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Turning now to the corporate expense side. On a reported basis, corporate adjusted EBITDA benefited from the PLM distribution, ending up $14 million over Q1 last year. Share-based comp had a meaningful swing in the quarter. We reported $1 million of share-based compensation this quarter or as last year, we had a credit of $2 million.

Corporate expense came down $2 million or 25% in the quarter if we exclude the impact of restructuring and share-based compensation. The decline in operating expense was mainly attributable to lower headcount.

I also wanted to touch on the implementation of IFRS 16 in the quarter. As you know, standard requires capitalization of all operating leases, which for Aimia are facility leases. Given we have fewer leases, operating expense was marginally reduced by $0.5 million in the quarter versus the same period last year. And on a consolidated basis, Aimia's lease liabilities totaled $6 million at the end of the quarter.

Q1 free cash flow from continuing operations was negative $20 million. Overall, Q1 free cash flow was $17 million better than last year on a reported basis with the incremental PLM distribution and favorable working capital being most significant drivers offsetting revenue decline and restructuring expenses. As noted earlier, we had a rent prepayment of our London office space in Q1 2018. This was the main driver of the favorable working capital.

Net interest impact was an additional outflow of $6 million, as we redeemed the outstanding debt in conjunction with the Aeroplan transaction in early January.

From Q2, we expect to be a net recipient of interest with no interest expense, reflecting our debt-free status, which should result in a favorable $20 million swing in 2019.

Moving to the balance sheet. The most substantial balance sheet movement in the quarter related to Aeroplan transaction, including the receipt of $497 million of gross proceeds and the $308 million debt paydown including interest of $7 million on completion of the transaction. The Aeroplan gross proceeds were offset by transaction and termination fees of $16 million, of which we paid $11 million in the quarter. This included $9 million of termination fees paid to Porter, Air Transat, and Flair. We received $10 million in the quarter related to the sale of our investment in Fractal.

In March, we reinstated the payment of quarterly preferred dividend subject to Board approval with the Q4 2018 dividend of $4 million paid at the end of the month. We also settled the outstanding common share dividend from June 2017 as well as 7 quarters of accrued preferred share dividends from June 2017. In total, we paid out $65 million. We recorded a tax liability of $14 million on the Q1 payment of preferred dividends. And we expect to mitigate a portion of this liability against our other Canadian taxable income before we pay the tax in 2020. Any unused tax deductions associated with this liability will be carried forward as an operating tax loss.

We ended the quarter with cash and investment in bonds of over $630 million. Restricted cash remains at $129 million, reflecting a $100 million set aside as part of the agreement with Air Canada. While we have yet to receive the formal reassessment related to our CRA tax audit, we expect around $35 million to flow from the restricted cash to fund the CRA and Revenue Quebec reassessments as they are received. The remaining $65 million should be released to available cash in 2019.

Taking that into account, along with a $150 million we expect to return to shareholders when we complete our substantial issuer bid and the $26 million accelerated payment to HSBC, the pro forma available cash should be approximately $400 million.

Now with that, let me hand it back to Jeremy.

Jeremy Rabe - Aimia Inc. - CEO, President & Director

Thanks, Steve. The strategies we've set out relies on strong M&A execution and capital allocation capabilities. We're formally in the market for a select number of new hires to strengthen the existing M&A strategy and capital allocation capabilities, we and the team already bring. The team we already have in place has also been actively building the pipeline reviewing incoming opportunities and monitoring broader industry developments

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and trends such as the recent sale of Epsilon to Publicis, which demonstrated the advertising industry's appetite to move to a more personalized direct marketing where loyalty can also play a role.

Despite the fact, we're not at a full run rate capability, we have seen lots of incoming interest. Our the last few weeks, we formally established our investment committee review and finalized our process for analyzing opportunities against the capital allocation principles we've set out. With this process in place, we've already turned down a number of opportunities that were outside loyalty and travel spaces or early stage or minority investments or not cash flow positive. Not withstanding that, the pipeline is relatively robust. While we will not rule out our opportunities to add loyalty and travel assets to dovetail with our strong existing platform and allow us to identify synergies, we will surface more opportunity as we scale up capacity, including in Loyalty Solutions where we are already recognized as a leader.

Loyalty Solutions is a $2.7 billion market, where we have less than a 10% stake today, and where typically companies operate at 10% margins or above. A successful execution of the strategy would see us grow our share by adding already profitable and cash flow generative businesses at lower multiples than our own, and generating significant value to our shareholders if we can deliver cost synergies and add 1 to 2 turns on the multiples.

Our plan is predicated on a view that our financial flexibility and our lower cost of capital will be a differentiator for Aimia.

We have been clear though that should we not be able to identify sufficient accretive opportunities to deploy capital through M&A over the coming years, we would consider future returns to shareholders.

Taken together with investments and Cardlytics and our larger investments in PLM and BIG, we have a solid balance sheet and attractive set of assets. And we are returning cash to our shareholders.

The substantial issuer bid was launched on April 8 and is expected to close on May 21. And as Steve noted, we're also delighted to be paying preferred share dividends again. We expect to pay a total of around $17.5 million in preferred dividends over the course of the year, including the dividend already paid at the end of March and the further dividends of $4 million that we have declared today.

So to conclude, I came in as CEO a year ago and against some tough odds to drive a resolution to the situation we faced at Aeroplan. The financials we've released today and the increasing in the share price from around $2 to more than $4 over the last year, reflected successful outcome we've achieved there. There's more to do to prove to you that the current share price undervalues the future prospects for the business and we're working hard to demonstrate that. Already we've made significant strides in refocusing and slimming down the business, the 20% reduction in underlying operating expense in Q1 numbers is evidence of the substantial progress we've made so far.

Our short-term priority is getting to profitability in our existing business during 2020. And we are very much on track to achieve that.

Finally, we've set out a clear and accretive longer-term strategy that will see us build on our substantial assets with a growing pipeline of opportunities in the loyalty and travel space. We look forward to updating you on our progress when we report again in August.

And with that, let me turn it over for your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And your first question comes from the line of Drew McReynolds from RBC.

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Drew McReynolds - RBC Capital Markets, LLC, Research Division - Analyst

A couple of questions on Loyalty Solutions and the M&A strategy. So just wondering -- so first, Jeremy, maybe over to you. If you look at your existing business and everything that's in the Loyalty Solutions, like, can you just speak to organic revenue growth, excluding kind of ongoing rightsizing of that business, helpful to talk about the addressable market, the margin profile and what you're doing on the M&A? But from an organic revenue growth perspective, what does it look like today? What does it look like next year? And maybe in a sustained kind of organic growth environment. I'll start there and then follow up.

Jeremy Rabe - Aimia Inc. - CEO, President & Director

Thanks for your question. Yes, if we go back, we have to go back a little bit do -- a little bit of history on this. So we, sort of, in the Loyalty Solutions business, Fortune 500 brands around the world where we're running the loyalty program, right? Which means running the relationships with their most important customers. With the uncertainty that existed around the Aeroplan business over the past couple of years as those companies, those Fortune 500 brands, were doing RFPs and risk assessments on, kind of, suppliers stability, understandably there were some questions with regards to Aimia. And we lost a bunch of contracts in that context. I think if you were to look at, kind of, since we've announced the Aeroplan transaction, kind of look at net new clients won and lost, I think we would see a significant stabilization of the revenue trend there.

Now some of the clients that announced that they were going to be leaving us during the uncertainty of the Aeroplan period, some of those haven't fully rolled off yet. So some of those accounts take time before they role off. So growth in the near term will be a bit of a challenge. But certainly, again, from a net new perspective over the past couple of months, I think we are seeing very significant stabilization there. I think longer term in the business, this is an industry that's growing over 20% a year. That's been a trend. That's been occurring pretty consistently over past few year and expected to continue. And it's really driven by 2 things. One, companies are moving from more mass media types of advertising into more direct targeted personalized marketing methods. And so Loyalty kind of sits squarely within that as a way to have these marketing tools in a way that you can improve ROI around it.

So broader longer term, we do think this is a really attractive and growing industry to be in. And just from a macro perspective and also companies, I think, realize that they may not be -- it may not make sense for them to develop their own technology, their own best-in-class capabilities around all the value chain and Loyalty Solutions. And that's where we are also seeing, I think, strong appetite for outsourcing of those services and that's again where we play.

Drew McReynolds - RBC Capital Markets, LLC, Research Division - Analyst

That's great. On the M&A side and you brought up the historical context here with Aimia. On the M&A side, clearly, I think what you've done with HSBC, looks like you're shifting gears to proprietary loyalty as opposed to owning the currency and being the loyalty operator. Just wanted to get your thoughts on why that shift? Is it a function of the existing loyalty model just being evolving the economics not there? And I'm just trying to reconcile that shift in the propriety. Loyalty services with clearly an asset in PLM that's growing very nicely. So maybe just talk to that.

Jeremy Rabe - Aimia Inc. - CEO, President & Director

Yes. I mean I think -- there's -- there are some, let's say, broader trends, but I think you'd see within the industry of companies realizing that there's significant value in loyalty programs. If you've seen some of the recent renewals, for example, in the airline space in the U.S., some pretty significant financials associated with that. Of course, the Air Canada, they announced with TD and CIBC. And that's just an airline space. I think more broadly, you also see those type of trends where increasingly companies are realizing it's an important market tool, but it also can be a pretty important driver of profitability in and of itself. With that realization, I think, there's also -- we have seen in certain clients the desire to say, okay, we want to make sure that we are benefiting from those trends and from those opportunities and I think that's what you see in HSBC, where HSBC is and has been our clear #1 anchor partner in that coalition. The extension of that contract will provides really strong base so that we can go out and add additional coalition partners are around that strong anchor relationship over the coming years.

And then in the case of PLM, this is again a long-term relationship here. This is not a service contract, but a shareholder's structure, where it's a joint venture. And of course, Aeromexico gets more than 50% of the share of economics from that business and so benefits from that relationship.

Drew McReynolds - RBC Capital Markets, LLC, Research Division - Analyst

Okay. That's helpful. Last question from me, Jeremy, just in terms of you back to Loyalty Solutions and what this business kind of look like in 2020, 2021 both organically and with M&A. Just trying to wrap my head around scalability of being in this part of the market. It seems historically, as Aimia expanded internationally, there was the deployment -- multi-year deployment of a platform, little bit of kind of software-as-a-service model that was trying to be deployed. I'm not sure ultimately, what role or what will be the result of that, but just talk to scalability of what you're trying to accomplish within that proprietary loyalty services space?

Jeremy Rabe - Aimia Inc. - CEO, President & Director

Yes. So I mean you can think about out Loyalty Solutions in services and software. So on the services side, it's, I say, less scalable. That's more of a time and materials type of model. There's certainly some scale advantages that you can get from having broader pool of people and doing some smart kind of our allocation in terms of where those people are located and kind of client-facing functions versus back office functions and that kind of thing. I think where you do see a lot of scalability advantages is on the technology side. And here, we're in a situation where Aimia has invested a ton of money in developing, what I say, some really best-in-class Loyalty Solutions -- technology solutions. So we have an enterprise platform. We have a SaaS platform. We have AIP, which is insights platforms for retail analytics. So all these are now built and the economics around adding incremental clients to those platforms are attractive. And so that's where we'll really be pushing to build scale and benefit from those economics going forward.

Operator

Your next question comes from the line of Brian Morrison from TD Securities.

Brian Morrison - TD Securities Equity Research - Research Analyst

Jeremy, just on the M& A, following up on that. You talked about robust pipeline, can you maybe just discuss the most active regions? I presume it's the U.S. And then maybe just highlight a little bit of what you see as your competitive advantages leading to these elevated incomings, maybe how many of these incomings you see as credible? And I realize it's early, but are you far enough down the road that you expect activity on the M&A front in 2019?

Jeremy Rabe - Aimia Inc. - CEO, President & Director

Yes. So I think in terms of regions, we are seeing activity across the globe, I'd say. And we do have certain bias or certain preference to make use of our tax assets in U.S., Canada, U.K., as we look at and kind of prioritize those, having kind of the robustness of the pipeline that we've seen so far has allowed us to be pretty selective in how we advance opportunities and I think that's a good situation to be in. We don't want to -- the last thing I think we want to do is give ourselves some kind of artificial deadline around deploying a certain amount of capital in certain time frame because the most important thing that we do here is to do good deals. So we have been very disciplined about how we set up our investment committee around the process in which we review these opportunities and we are not going to do that deals. So if you have those artificial deadline sometimes that can create additional pressure to do stuff and we're not going to create that additional pressure on ourselves. But I think we are seeing a robust pipeline. And a lot of that comes from, if you look in Loyalty, there's not really another, I say, really sophisticated strategic acquirer with kind of the scale and presence that we have, right? So if you look at the platforms that we already have, founders who -- often times the businesses that we're looking at are founder-led still. They are wanting to be associated with another company that has a strong reputation and can really add to their business and help kind of take care of their baby once it's incorporated into the company. Global presence, it's obviously our core expertise. I think the cash that we have on hand, ready to deploy, the fact that we have come out and stated explicitly that our core part of strategy is this consolidation

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has attracted a lot of interest. And then beyond that just, I think, again we have hundreds of employees around the world who are active in the space and a large alumni network as well who through those personal networks has really facilitated the conversations in the pipeline.

Brian Morrison - TD Securities Equity Research - Research Analyst

That's helpful. And then just a couple of housekeeping questions, if I can. Steve, the free cash flow outlook, I think, including restructuring, it looks like this improvement was cut in half. Is that a good ballpark for the forecast reduction on an annual basis? And then when you talk about returning to profitability in 2020, I assume that remains a target and the profitability metric you're using is EBITDA?

Steven Leonard - Aimia Inc. - CFO

Yes. So answering back part of your question first. We -- the target is on adjusted EBITDA in terms of profitability. On 2019 cash flow, we're not giving point guidance, but I think we have indicated in our comments and in slides where you can see some of the improvements that'll be coming. We expect to get improvement on the interest line. We are going to get distributions from PLM and we've given an indication and you'll see that those are going to come in a little even. Outside of the larger one we received this quarter, we expect to receive higher distribution in the balance of the year. CapEx, although now included in our operating spend is coming down versus last year, so that's lower on the cash burn. And then with the back end of the year, as the restructuring activities and some of the transaction activities that we're doing -- transitioning activities, we expect to have more positive signs in the back end of the year. That's basically what I can guide you on.

Brian Morrison - TD Securities Equity Research - Research Analyst

Okay. Last question, then on the HSBC renewal moving to fee based versus points. So aside from the one-time payment, the $26 million, does this have any, sort of, material impact on your free cash flow profile or no?

Steven Leonard - Aimia Inc. - CFO

On a going forward basis, no. I mean other than where you're going to see in the second quarter when you'll see the one-time payment run through. After that, it won't happen. As we said in our comments, we're moving to a fee-based and that's basically going to drop down free cash flow.

Operator

(Operator Instructions) And our next question comes from the line of Tim Casey from BMO.

Tim Casey - BMO Capital Markets Equity Research - Equity Research Analyst

A couple of ones. Just on the -- your goal to reach adjusted EBITDA profitability in 2020, should we -- does that include the $38-or-so million from PLM? because that would seem to be another terribly ambitious target if it does. And two, back on M&A, I mean, are you looking to buy operating assets or would you consider buying in the contracts that you can just sort of flow through your platform because in that definition or when we think about M&A, should we think about you specifically buying operating assets?

Jeremy Rabe - Aimia Inc. - CEO, President & Director

I'll start on the guidance question and then, maybe Steve can complement. So one thing I just call out is that $38 million from PLM this year was -- is a bit of an extraordinary number, right? Because the Q1 distribution was probably higher than what we'll see on a run rate basis. That said, we did achieve profitability already in Q1 you might say and so there is...

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Tim Casey - BMO Capital Markets Equity Research - Equity Research Analyst

But not really. You mean, you're including a distribution from a joint venture in that. I mean in terms of the core assets, do you expect them to be EBITDA positive in 2020?

Jeremy Rabe - Aimia Inc. - CEO, President & Director

Yes. So let me be clear on what exactly we've guided to. So when we say adjusted EBITDA positive during 2020, we are including both the corporate expenses and PLM within that. PLM doesn't run itself even though it is a joint venture. We are highly involved in supporting that business. And so that specifically what we've guided to. I don't know, Steve, you want to complement that?

Steven Leonard - Aimia Inc. - CFO

Yes. So just again it's the 3 components. So it'd be PLM more on a normalized basis and you can look at the rest of the year as sort of indication of what that would be, and our corporate expenses and the Loyalty Solutions business. So the combination of the 3 is where we will be adjusted EBITDA positive next year.

Jeremy Rabe - Aimia Inc. - CEO, President & Director

And then, I'll take on your question just also around M&A and operating assets versus contracts. Yes. I mean, look, what we have said is one of our principles as the investments we do are places where we think we can add value using our industry expertise and that kind of thing. So we wouldn't be like a passive investor in some kind of flow through or just be a contractual piece. We are, I'd say, generally looking for -- we are absolutely looking from places where we can have a significant input and influence over the assets, which were generally led us to a place where we're going to be acquiring operating assets and in most cases, integrating those directly into our existing Loyalty Solutions business.

Operator

And there are no further questions in the queue at this time. I will turn the call back over to our presenters.

Jeremy Rabe - Aimia Inc. - CEO, President & Director

Thank you, operator. And thanks to all of you for joining the call today. As I said in the presentation, we've made, I think, tremendous progress in reaching our short-term profitability goals. We've also, I think, launched a new strategy with a really positive reception and we're growing this M&A capability that we spoke to on the call. So I'd like to just conclude by thanking all of the Aimia team for all of your effort in delivering our objectives and we look forward to speaking with you again with our second quarter results in August.

Operator

This concludes today's conference. You may now disconnect.