

# Q2 2020 highlights

SEPT 15, 2020



# FORWARD-LOOKING AND CAUTIONARY STATEMENTS

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*Forward-looking statements are included in this presentation. These forward-looking statements are identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will”, “would” and “should”, and similar terms and phrases, including references to assumptions. Such statements may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions.*

*Forward-looking statements, by their nature, are based on assumptions and are subject to important risks and uncertainties. Any forecasts, predictions or forward-looking statements cannot be relied upon due to, among other things, changing external events and general uncertainties of the business and its corporate structure. Results indicated in forward-looking statements may differ materially from actual results for a number of reasons, including without limitation, risks and uncertainties to Aimia's investment in PLM arising from Aeromexico's Chapter 11 filings, failure to realize the anticipated benefits from the transactions with Kognitiv and/or Mittleman Brothers, the execution of the strategic plan, business and industry disruptions related to natural disasters, security issues and global health crises particularly as they might affect the airline, travel and hospitality sectors, airline industry changes and increased airline costs, investment risks, including in connection with how and when to deploy and invest Aimia's considerable cash and other liquid assets, investment partnerships risks, reliance on key personnel, market price and trading volume of the common shares and preferred shares, passive foreign investment company risk, industry competition, failure to protect intellectual property rights, technological disruptions and inability to use third-party software and outsourcing, regulatory matters - privacy, failure to safeguard databases, cyber security and consumer privacy, uncertainty of dividend declarations and/or payments on either common shares or preferred shares, tax losses, foreign operations, interest rate and currency fluctuations, retail market/economic conditions, legal proceedings, audit by tax authorities, as well as the other factors identified throughout this presentation and throughout Aimia's public disclosure records on file with the Canadian securities regulatory authorities. The forward-looking statements contained herein represent Aimia's expectations as of September 14, 2020 and are subject to change after such date. However, Aimia disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulations.*

# NON-GAAP FINANCIAL MEASURES

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Following the Corporation strategic update, Aimia does not present Non-GAAP financial measures for its consolidated results. However, in order to complement the analysis of the financial performance of its investments, certain Non-GAAP measures are presented. A reconciliation to these investments' most comparable GAAP measure is provided in our MD&A section – “Non-GAAP Financial Measures for Investments”.

## **PLM Adjusted EBITDA**

Adjusted EBITDA for PLM (“PLM Adjusted EBITDA”) is earnings before net financial income (expense) and net income tax expense adjusted to exclude depreciation, amortization and impairment charges related to non-financial assets, as well as adjusted for certain factors particular to PLM, such as changes in deferred revenue and Future Redemption Costs. Change in deferred revenue is calculated as the difference between Gross Billings and revenue recognized, including recognition of Breakage. Future Redemption Costs represent management's estimated future cost of rewards in respect of Loyalty Units sold which remain outstanding and unbroken at the end of any given period. Future Redemption Costs are revalued at the end of any given period by taking into account the most recently determined average unit cost per Loyalty Unit redeemed for that period (cost of rewards / Loyalty Units redeemed) and applying it to the total Unbroken Loyalty Units outstanding at the end of that period. As a result, Future Redemption Costs and the change in Future Redemption Costs must be calculated at the end of any given period and for that period. The simple addition of sequential inter-period changes to arrive at a cumulative change for a particular period may result in inaccurate results depending on the fluctuation in the Average Cost of Rewards per Loyalty Unit redeemed for the period in question. PLM Adjusted EBITDA is not a measurement based on GAAP, is not considered an alternative to net earnings in measuring profitability, does not have a standardized meaning, and is not comparable to similar measures used by other issuers. Aimia and PLM's management do not believe that PLM Adjusted EBITDA has an appropriate directly comparable GAAP measure. However, a reconciliation to PLM's operating income is provided in our MD&A section – “Non-GAAP Financial Measures for Investments”. PLM Adjusted EBITDA is used by Aimia and PLM's management to evaluate performance. Aimia and PLM's management believe PLM Adjusted EBITDA assists investors in comparing PLM's performance on a consistent basis without regard to depreciation and amortization and impairment charges related to non-financial assets, which are non-cash in nature and can vary significantly depending on accounting methods, and non-operating factors such as historical cost.

## **BIGLIFE Adjusted EBITDA**

Adjusted EBITDA for BIGLIFE (“BIGLIFE Adjusted EBITDA”) is earnings before depreciation, amortization and impairment charges related to non-financial assets and net income tax expense adjusted for certain factors particular to BIGLIFE, such as changes in deferred revenue and Future Redemption Costs. Change in deferred revenue is calculated as the difference between Gross Billings and revenue recognized, including recognition of Breakage. Future Redemption Costs represent management's estimated future cost of rewards in respect of Loyalty Units sold which remain outstanding and unbroken at the end of any given period. Future Redemption Costs are revalued at the end of any given period by taking into account the most recently determined average unit cost per Loyalty Unit redeemed for that period (cost of rewards / Loyalty Units redeemed) and applying it to the total Unbroken Loyalty Units outstanding at the end of that period. As a result, Future Redemption Costs and the change in Future Redemption Costs must be calculated at the end of any given period and for that period. The simple addition of sequential inter-period changes to arrive at a cumulative change for a particular period may result in inaccurate results depending on the fluctuation in the Average Cost of Rewards per Loyalty Unit redeemed for the period in question. BIGLIFE Adjusted EBITDA is not a measurement based on GAAP, is not considered an alternative to net earnings in measuring profitability, and is not comparable to similar measures used by other issuers. Aimia and BIGLIFE's management do not believe that BIGLIFE Adjusted EBITDA has an appropriate directly comparable GAAP measure. However, a reconciliation to earnings before depreciation and amortization and net income tax expense is provided in our MD&A section – “Non-GAAP Financial Measures for Investments”. BIGLIFE Adjusted EBITDA is used by Aimia and BIGLIFE's management to evaluate performance. Aimia and BIGLIFE's management believe BIGLIFE Adjusted EBITDA assists investors in comparing BIGLIFE's performance on a consistent basis without regard to depreciation and amortization and impairment charges related to non-financial assets, which are non-cash in nature and can vary significantly depending on accounting methods, and non-operating factors such as historical cost.

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# TODAY'S SPEAKERS



**PHIL MITTLEMAN**  
Chief Executive Officer



**MICHAEL LEHMANN**  
President



**STEVE LEONARD**  
Chief Financial Officer

# AGENDA

Strategic  
**highlights**

Investment  
**highlights**

Financial  
**highlights**



# STRATEGIC highlights

PHIL MITTLEMAN



# STRATEGIC PROGRESS

## New leadership

- **Fully reconstituted Board with demonstrated ownership mentality** purchasing over 1 million shares since reconstitution
- **Executive team enhanced** with Michael Lehmann (President), Chris Mittleman (CIO and newly appointed Board member), and Phil Mittleman (CEO)

## Refreshed strategy

- **Greater flexibility to capitalize on the best investment opportunities globally** from new strategy as an investment holding company

## Transformative transactions

- **Investment in Clear Media** acquired at a very attractive 5x ebitda multiple
- **Significant stake in Kognitiv** with substantial potential upside while limiting future risk to Aimia
- **Mittleman Investment Management acquisition** to serve as a solid platform to execute the strategy
- **Enhanced and expanded PLM relationship with Aeromexico** to tighten alignment of interests

## Capital discipline

- **Dramatically reduced corporate costs** by almost half from \$27 million in 2019 to \$15 million on a run-rate basis, or \$12 million excluding non-cash charges<sup>(1)</sup>
- **Sale of portfolio of equity securities for a \$7 million profit** purchased during the COVID crash
- **Established NCIB** to repurchase up to 6.98 million common shares; 3.0 million shares repurchased year-to-date
- **\$66.9 million of restricted cash and \$2.3 million of cash held in escrow** were released to Aimia in July 2020

(1) \$3 million in share-based compensation.

# STRATEGIC VISION AND FOCUS

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## Strategic Vision

**“to build a diversified portfolio of investments that can deliver sustainable value for stakeholders, uniquely accessible to investors through Aimia’s common stock”**

## Strategic Focus

### CURRENT PORTFOLIO

Ongoing enhancement of existing assets and investments with an active owner’s mentality to growing our investments as strategic partners

### FUTURE PORTFOLIO

Continually evaluating and aggressively pursuing opportunities to deploy capital with a focus on assets that can generate additional cash flow that can be upstreamed to the holding company



# CAPITAL ALLOCATION PRIORITIES

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## 1 / Accretive acquisitions

Minority or controlling stakes in cash generative businesses, public or private, on a global basis:

- Seeking >15% IRR
- \$700 million in tax losses as a competitive differentiator
- Any potential investment structured as a ring-fenced, standalone entity
- Leverage only used at the subsidiary level

## 2 / Buybacks

Opportunistically repurchase shares that are accretive to long term stakeholders

A close-up photograph of several small green seedlings growing in a brown, textured seedling tray. The seedlings are at various stages of growth, with some showing two leaves and others just emerging. The background is blurred, showing more of the tray and a hint of a green surface.

# INVESTMENT highlights

MICHAEL LEHMANN

## PLM FINANCIAL METRICS\*

(in millions)	USD		CAD <sup>(1)</sup>	
Financial Results	Q2 2020	Q2 2019	Q2 2020	Q2 2019
Gross Billings	20.1	68.7	27.8	91.9
Revenue	23.4	60.1	32.5	80.4
Adjusted EBITDA <sup>(2)(3)</sup>	(3.4)	21.3	(4.7)	28.5
Cash from (used in) operating activities <sup>(4)</sup>	(38.3)	40.0	(53.1)	53.5
Free Cash Flow <sup>(2)(4)</sup>	(39.1)	39.1	(54.2)	52.3
PLM distribution paid to Aimia	6.3	4.4	8.8	5.8
Cash and cash equivalents <sup>(1)(5)</sup>	35.1		47.9	

**Positive operating cash flow despite impacts from COVID-19**

\*This presentation contains both IFRS and non-GAAP financial measures. Non-GAAP financial measures are defined and reconciled to the most comparable IFRS measures, if applicable, in our MD&A. See caution regarding Non-GAAP financial measures on slide 3.

(1) Q2 2020 calculations of P&L and Cash flow metrics are based on FX rate of 1.386 CAD/USD and Q2 2019 calculations are based on FX rate of 1.338 CAD/USD. Cash and cash equivalents converted based on FX rate of 1.367 CAD/USD.

(2) A non-GAAP measurement.

(3) Q2 2020 includes the impact of \$12.5 million (US\$9 million) provision on certain Aeromexico unsecured receivables.

(4) Q2 2020 includes the impact of \$69.3 million (US\$50 million) pre-payment of award tickets.

(5) Q2 2020 includes the impact of \$69.3 million (US\$50 million) intercompany loan to Aeromexico and \$69.3 million (US\$50 million) pre-purchases of award tickets from Aeromexico.

## BIGLIFE FINANCIAL METRICS\*

(in millions of Canadian dollars)		
Financial Results	Q2 2020	Q2 2019
Gross Billings	3.0	10.8
Revenue and other income <sup>(2)</sup>	27.4	13.7
Adjusted EBITDA <sup>(1)</sup>	(0.8)	(3.4)
Cash from (used in) operating activities	1.1	(3.2)
Free Cash Flow <sup>(1)</sup>	1.0	(4.2)
Cash, cash equivalents and short-term investment	18.8	

**Positive operating cash flow despite impacts from COVID-19**

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# KOGNITIV UNIQUELY POSITIONED TO REDEFINE LOYALTY

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## **B2B technology company**

rewarding loyalty by providing a higher-value dividend to consumers than existing value propositions such as discounts or cash back

## **Loyalty Capital Network**

fast-growing user base supporting 3,000 hotel properties, more than 20 loyalty programs, and \$1.3 billion in transactions processed last year

## **Kognitiv/Aimia LS combination**

provides great opportunities for accelerated revenue growth, margin expansion, and cost synergies

**Aimia retains a significant stake in an exciting technology company with substantial potential upside while at the same time limiting future risk to Aimia**

# CLEAR MEDIA AN OUTSTANDING INVESTMENT

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**\$76.2M**  
**invested**

10.85% stake in one of the  
largest operators of bus  
shelter advertising panels  
in China

**>70%**  
**market share**

in top-tier cities including  
Beijing, Shanghai, and  
Guangzhou

**Acquired at**  
**5X EBITDA**

with major precedent  
transactions generally at 10x  
EBITDA or greater

**Solid investment in the leader in the outdoor advertising market in China with expected high growth, high return and scalable business that's debt-free with a proven track record of free cash flow generation, backed by a blue-chip consortium of investors and a highly skilled management team**

# MITTLEMAN ACQUISITION COMPLEMENTS STRATEGY

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## **Solid platform**

complementing the corporate  
strategy as an investment  
holding company

## **Securing talent**

management expertise of Phil as  
CEO and investment capabilities  
of Chris as CIO and new board  
member

## **Immediate benefits**

improving our relationships  
with key partners to  
accessing innovative and  
value-enhancing ideas

**Acquisition of Mittleman Investment Management will provide  
a solid investment manager and platform  
to help execute our new corporate strategy**



# FINANCIAL highlights

STEVE LEONARD



# Q2 2020 CONSOLIDATED RESULTS

Consolidated Results				
(in millions of Canadian dollars)	Q2 2020	Q2 2019	1H 2020	1H 2019
Income	9.2	47.1	5.2	78.2
Expenses	(1.6)	(10.6)	(9.8)	(25.1)
Earnings (loss) before income taxes	7.6	36.5	(4.6)	53.1
Net earnings	14.4	43.5	4.8	1,090.6
Earnings (loss) per common share	0.12	0.29	(0.02)	7.47
Results from Continuing Operations				
Net earnings	6.1	34.7	(7.4)	37.4
Earnings (loss) per common share	0.03	0.22	(0.15)	0.20

## Q2 2020 SEGMENT RESULTS

INVESTMENTS AND HOLDINGS				
(in millions of Canadian dollars)	Q2 2020	Q2 2019	1H 2020	1H 2019
<b>Total Income</b>	<b>9.1</b>	<b>47.1</b>	<b>5.1</b>	<b>78.2</b>
<b>Expenses</b>	<b>(1.5)</b>	<b>(10.6)</b>	<b>(9.7)</b>	<b>(25.1)</b>
<b>Earning (loss) before income taxes</b>	<b>7.6</b>	<b>36.5</b>	<b>(4.6)</b>	<b>53.1</b>
<b>PLM distribution</b>	<b>8.8</b>	<b>5.8</b>	<b>18.3</b>	<b>24.7</b>

INVESTMENT MANAGEMENT				
(in millions of Canadian dollars)	Q2 2020	Q2 2019	1H 2020	1H 2019
<b>Total Income</b>	<b>0.1</b>	<b>-</b>	<b>0.1</b>	<b>-</b>
<b>Expenses</b>	<b>(0.1)</b>	<b>-</b>	<b>(0.1)</b>	<b>-</b>
<b>Earning (loss) before income taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# CASHFLOW PROFILE OF BUSINESS

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## Cash Inflows

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- Distributions from PLM
- Investment management fees
- Interest income



## Cash Outflows

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- Corporate expenses
- Preferred dividends paid
  - Cash taxes

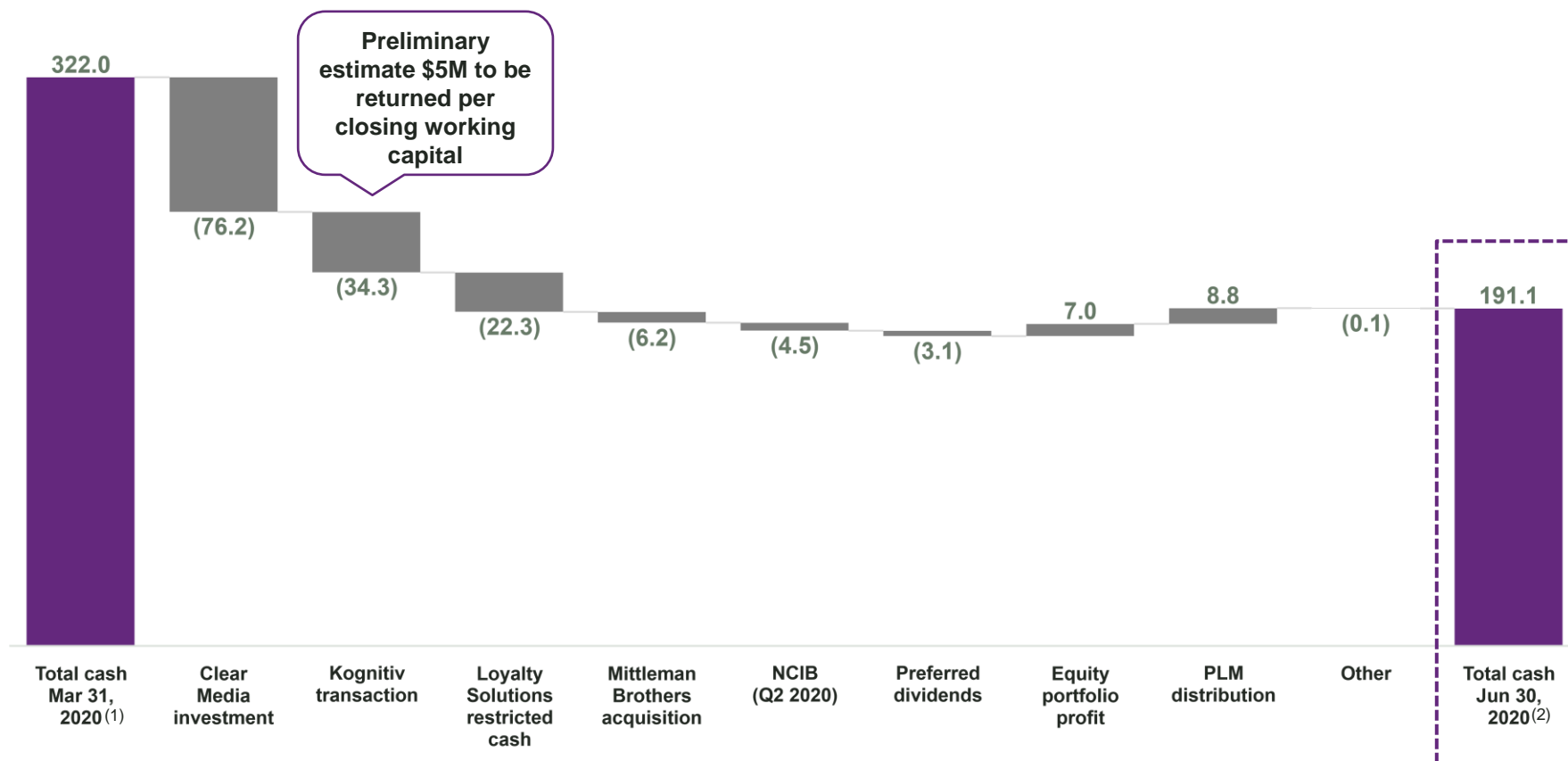
**Corporate costs, preferred dividend payments, and Part VI.1 tax mostly covered by normalized PLM distributions and investment management fees**

# FINANCIAL HIGHLIGHTS

## CASH BRIDGE

(in millions of Canadian dollars)

### Cash movement in Q2 2020 vs. last quarter



(1) Includes cash and cash equivalents, restricted cash, and short and long-term investments in corporate and government bonds.

(2) Includes cash and cash equivalents and restricted cash and cash held in escrow.



# TAX LOSS CARRYFORWARDS

*(in millions of Canadian dollars)*



**CAPITAL  
LOSSES**



**OPERATING  
LOSSES**

- **\$700 million in tax loss carryforwards provides Aimia with a competitive advantage and a higher economic return on potential investments**
- **\$300 million operating losses in the U.S. (two-thirds) and Canada (one-third)**

# Key Takeaways



# EXCITING AND PROMISING FUTURE

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**2020 shaping up to be very promising** with several strategic initiatives already completed, and others underway

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**Significant progress with existing investments**, and continuing to evaluate opportunistic investments

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**Committed to creating stakeholder value as quickly** and efficiently as possible

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**Continue actively pursuing transactions** that will deliver lasting stakeholder value

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# Questions







## CONTACT

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