Aimia Inc.

Aimia reports fourth quarter & full year results

Guidance delivered with a strong finish to a transformational year and a strong start to 2014

- Strong Aeroplan base for growth in place, with seamless operational transition to renewed Aeroplan program achieved and transformational new agreements with TD, CIBC and AMEX effective from January 1, 2014
- Good progress towards longer term diversification with stronger contribution from EMEA in 2013, a reset of the US business and new investments in Cardlytics, Smart Button and Think Big since the beginning of 2013
- Full year Gross Billings up **4.5 per cent** on a constant currency basis
- Adjusted EBITDA excluding **$200 million** related to conveyance items was **$350.5 million**(2) for the full year
- Strong fourth quarter Free Cash Flow resulted in full year Free Cash Flow before dividends paid of **$268.1 million**(2)
- Financial flexibility in place to address expected increase in Aeroplan member engagement and higher redemptions, with new Preferred Shares issuance in January 2014
- 2013 guidance achieved or surpassed on all metrics; 2014 guidance reflects the impact of the Aeroplan transformation and financial card agreements

FOURTH QUARTER HIGHLIGHTS[1] *(in millions of Canadian dollars, except per share amounts)*	**Three Months Ended December 31,**			**Years Ended December 31,**			**Year Over Year**		
	2013	**2013**	**2012 [3]**	**2013**	**2013**	**2012 [3]**	**% Change**		
	Adjusted [2]	**As Reported**	**As Reported**	**Adjusted [2]**	**As Reported**	**As Reported**	**Adjusted [2]**	**Constant Currency [4]**	**As Reported**
Gross Billings	**658.1**	**658.1**	615.1	**2,366.4**	**2,366.4**	2,243.0	5.5	4.5	5.5
Total Revenue	**687.6**	**687.6**	678.2	**1,673.5**	**1,673.5**	2,248.9	(25.6)	(27.0)	(25.6)
Net Earnings	**21.2**	**(125.7)**	57.4	**(345.8)**	**(492.7)**	167.0	**	**	**
Earnings per Common Share	**0.11**	**(0.74)**	0.31	**(2.10)**	**(2.95)**	0.89	**	**	**
Adjusted EBITDA	**88.9**	**(111.1)**	118.2	**350.5**	**150.5**	403.1	(13.0)	(12.0)	(62.7)
Free Cash Flow before Dividends Paid	**120.4**	**(52.1)**	77.1	**268.1**	**95.6**	299.5	(10.5)	**	(68.1)
**Information not meaningful									

Please refer to "Notes to the Fourth Quarter Highlights table" for details on notations (1) through (4)

MONTREAL, Feb. 26, 2014 /CNW/ - (TSX: AIM) Aimia today reported its financial results for the fourth quarter and full year ended December 31, 2013. All financial information is in Canadian dollars unless otherwise noted.

Rupert Duchesne, Group Chief Executive said:

"2013 was a year of outstanding accomplishments across our regions. Gross Billings were up 4.5% overall and we delivered against our guidance on all metrics, while setting the stage for global growth in 2014 and beyond.

"It was a year in which we invested in our future, transforming Aeroplan with new TD, CIBC and AMEX agreements and a fundamental refresh of the value that members get from the program which we expect to move engagement to a new level. This was an outcome which removed migration risk, allowing us to focus on attracting new members to the program and building a strong base for future growth.

"January's launch of Distinction is showing that Aeroplan members are embracing the changes that make our loyalty rewards even better value, while our new financial card partnership with TD has driven new card acquisition significantly above our expectations, with the number of new credit cards acquired seven times higher than in the first two months of last year.

"Across the rest of the business, we made good progress towards longer term diversification with a stronger contribution from EMEA, a reset of the US business and new investments in Cardlytics, Smart Button and Think Big since the beginning of 2013."

Full Year and Fourth Quarter Financial Highlights (Period ended December 31, 2013 versus period ended December 31, 2012, except where otherwise stated)

Consolidated - Full year Gross Billings growth of 4.5% on a constant currency basis, towards top end of full year guidance range of 3% to 5%

- Full year Gross Billings were **$2,366.4 million** an increase of **5.5 per cent** or **4.5 per cent** on a constant currency basis compared to 2012. Fourth quarter Gross Billings were **$658.1 million**, an increase of **7.0 per cent** or **4.3 per cent** on a constant currency basis compared to the same period of 2012.
- Gross Billings from Loyalty Units were **$1,711.4 million** for the full year, up **5.1 per cent** over 2012 or **4.2 per cent** on a constant currency basis. Gross Billings from Loyalty Units in the fourth quarter were **$464.7 million**, up **8.2 per cent** compared to the fourth quarter of 2012 or **5.5 per cent** on a constant currency basis.
- A payment of **$150.0 million** to CIBC and a card migration provision of **$50.0 million** ("conveyance items") were recorded in Adjusted EBITDA in the fourth quarter of 2013, taking reported Adjusted EBITDA to **$150.5 million** for the year.
- Excluding the conveyance items, full year 2013 Adjusted EBITDA was **$350.5 million**, down **13.0 per cent** over 2012. Fourth quarter Adjusted EBITDA excluding these items was **$88.9 million,** down **24.8 per cent** year over year. A change in the Breakage estimate in the Aeroplan program contributed to the decrease in Adjusted EBITDA versus last year.
- Included in Adjusted EBITDA were distributions from equity-accounted investments amounting to **$15.7 million** and **$5.3 million**, of which **$14.0 million** and **$3.6 million** were received from PLM, in the full year and fourth quarter of 2013 respectively, compared to **$15.7 million** received for the full year and fourth quarter of 2012.

Canada - Strong fourth quarter growth with full year Gross Billings up 0.6%

- Full year Gross Billings were up **0.6 per cent** to **$1,300.1 million**. Fourth quarter Gross Billings were **$347.0 million** compared with **$336.2 million** in the same period of 2012, an increase of **3.2 per cent** mainly due to higher program conversions and higher card acquisitions as well as an increase in the non-air travel sector resulting from higher promotional activity.
- Gross Billings from Loyalty Units were up **3.8 per cent** in the fourth quarter and up **0.6 per cent** for the year to **$1,085.8 million**.
- Excluding the conveyance items recorded in the fourth quarter, full year 2013 Adjusted EBITDA was **$337.7 million** a decrease of **14.9 per cent** over 2012. Fourth quarter Adjusted EBITDA excluding the conveyance items was **$85.0 million**, a decrease of **15.3 per cent** from the prior year period, mainly resulting from the impact of the change in the Breakage estimate of **$12.9 million** and increased marketing costs to launch Distinction. Partially offsetting this decline in Adjusted EBITDA was an improvement in the redemption cost per Aeroplan Mile redeemed compared to 2012.
- Aeroplan Miles issuance fell **0.6 per cent** for the year and rose **2.1 per cent** in the fourth quarter. With the anticipated launch of Distinction in January 2014, miles redeemed were down **8.9 per cent** in the fourth quarter to **16.3 billion.** Total miles redeemed for the year were **73.0 billion**, down **1.6 per cent**.
- The new financial card partnership with TD has driven new credit card acquisitions in the first two months of 2014 seven times higher than in the first two months of 2013.

Europe, Middle East & Africa (EMEA) - Higher sales of Loyalty Units benefiting Gross Billings and Adjusted EBITDA

- Gross Billings were **$704.1 million**, up **10.0 per cent** over 2012 or **7.4 per cent** on a constant currency basis. Fourth quarter Gross Billings were **$200.0 million**, an increase of **12.6 per cent** or **5.2 per cent** on a constant currency basis compared to the same period of 2012.
- Gross Billings from Loyalty Units were up **11.4 per cent** for the year on a constant currency basis, mainly driven by the grocery sector and new accumulation partner billings at Nectar UK, as well as from the

sale of Loyalty Units in the Air Miles Middle East program from enhanced member engagement, offset in part by a decline at Nectar Italia.

- Other Gross Billings were down **$12.6 million** and **$2.0 million** for the full year 2013 and in the fourth quarter respectively when compared to the same periods in 2012, mainly attributable to the transfer of ISS UK Gross Billings to the i2c joint venture beginning mid-January 2013.
- Adjusted EBITDA for the full year was **$94.0 million**, up **91.1 per cent** over 2012 and included the favorable impact of **$24.0 million** from the final judgment of the VAT litigation. Excluding the impact of the VAT litigation, Adjusted EBITDA margin was **9.9 per cent** for the year. Fourth quarter Adjusted EBITDA was **$20.2 million**, an increase of **26.0 per cent** over 2012, with growth in Nectar UK and timing of marketing initiatives driving increased leverage, along with a distribution of **$1.7 million** from i2c.
- Nectar UK Points issued were up **13.5 per cent** and **14.4 per cent** for the year and the quarter largely driven by higher activity from the grocery sector and by new Accumulation Partners. Redemption activity for Nectar UK rose by **12.4 per cent** and **12.5 per cent** for the full year and the quarter due to an increase in the number of Nectar Points in circulation.
- Nectar Italia accumulation was down **14.7 per cent** and **12.5 per cent** for the full year and the quarter respectively due to difficult economic conditions and lower promotional bonus point activity. Redemption activity fell **7.9 per cent** for the year and **6.8 per cent** in the fourth quarter.
- In the Middle East, accumulation continued to grow at **4.9 per cent** for the fourth quarter resulting in a **19.4 per cent** increase for the full year. Redemptions also increased significantly for the year as a result of new contract terms that lead to increased promotional activity to enhance member engagement but were down significantly in the quarter due to a spike in redemptions in the first quarter of 2013, with members rebuilding balances during the remainder of 2013.

US & Asia Pacific - Robust Gross Billings growth of 5.3% in the fourth quarter driven by new business in the APAC region

- Full year Gross Billings were **$362.7 million**, an increase of **15.1 per cent** or **13.4 per cent** on a constant currency basis compared to 2012. Gross Billings in the fourth quarter were up **8.6 per cent** to **$111.0 million** or **5.3 per cent** on a constant currency basis, with the fourth quarter being the first like-for-like quarter to include EIM following its acquisition on September 24, 2012.
- Increased operating expenses due mostly to the inclusion of EIM and investments to support future growth were the main drivers of Adjusted EBITDA loss of **$3.8 million** for the full year. Fourth quarter Adjusted EBITDA was **$8.5 million**, up **26.4 per cent** on the same period last year with contributions from both the U.S and APAC.
- Delays in the execution of management's business plan have resulted in a goodwill impairment charge of **$19.1 million (US$18.0 million)** being recorded in the fourth quarter for the U.S Proprietary Loyalty business.

Cash Flow and Financial Position

At December 31, 2013, Aimia had **$449.1 million** of cash and cash equivalents, **$33.7 million** of restricted cash, **$60.7 million** of short-term investments and **$269.7 million** of long-term investments in bonds, for a total of **$813.2 million**.

Aimia's Free Cash Flow before dividends paid and excluding the $150.0 million payment to CIBC and related harmonized sales tax of $22.5 million were **$268.1 million** and **$120.4 million** respectively, for the full year and fourth quarter of 2013, compared to **$299.5 million** and **$77.1 million** over the same periods in 2012. The decrease in Free Cash Flow for the full year was mainly driven by a decrease in cash from operations, offset in part by lower cash taxes for the year. The increase in Free Cash Flow for the fourth quarter was the result of an increase in cash from operating activities and lower cash taxes in the fourth quarter.

Dividends Declared

Common Shares

The Board of Directors declared a quarterly dividend of **$0.17 per common share**, payable on March 31, 2014 to shareholders of record at the close of business on March 17, 2014.

Preferred Shares

The Board also declared a quarterly dividend in the amount of **$0.40625 per Cumulative Rate Reset Preferred Share, Series 1,** payable on March 31, 2014 to the holders of record at the close of business on March 17, 2014 and a pro-rated quarterly dividend in the amount of **$0.3211 per Cumulative Rate Reset Preferred Share, Series 3,** payable on March 31, 2014 to the holders of record at the close of business on March 17, 2014.

Dividends paid by Aimia to Canadian residents on both its common and preferred shares are "eligible dividends" for Canadian income tax purposes.

2014 Guidance

For the year ending December 31, 2014, Aimia currently expects to report the following:

	2013	**2014 Guidance**
Gross Billings	$2,366.4 million	Between 7% and 9% growth (constant currency)(1)
Adjusted EBITDA	$350.5 million(2)	Adjusted EBITDA margin of approximately 12%(1)
Free Cash Flow before dividends paid	$268.1 million(3)	Target range of $230 to $250 million(1)(4)
Capital Expenditures	$54.4 million	To approximate $60 to $70 million

(1) Includes the $100.0 million payment received from TD Bank on January 2, 2014.
(2) Represents reported figures excluding the $150.0 million payment to CIBC and $50.0 million card migration provision.
(3) Represents reported figures excluding the $150.0 million payment to CIBC and $22.5 million of related harmonized sales tax.
(4) Includes $100.0 million related to income tax refund of loss carry back applied in Canada and $22.5 million input tax credit on harmonized sales tax payment made in 2013.

The above guidance excludes the effects of fluctuations in currency exchange rates. In addition, Aimia made a number of economic and market assumptions in preparing its 2014 forecasts, including assumptions regarding the performance of the economies in which the Corporation operates and market competition and tax laws applicable to the Corporation's operations. The Corporation cautions that the assumptions used to prepare the forecasts for 2014, although reasonable at the time they were made, may prove to be incorrect or inaccurate. In addition, the above forecasts do not reflect the potential impact of any non-recurring or other special items or of any new material commercial agreements, dispositions, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after February 26, 2014. The financial impact of these transactions and non-recurring and other special items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we presently know about the risks affecting our business. Accordingly, our actual results could differ materially from our expectations as set forth in this news release. The outlook provided constitutes forward-looking statements within the meaning of applicable securities laws and should be read in conjunction with the "Caution Concerning Forward-Looking Statements" section.

Use of Non-GAAP Financial Information

In order to provide a better understanding of the results, the following indicators are used:

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization

EBITDA adjusted for certain factors particular to the business, such as changes in deferred revenue and Future Redemption Costs ("Adjusted EBITDA"), is used by management to evaluate performance, and to measure compliance with debt covenants. Management believes Adjusted EBITDA assists investors in comparing the Corporation's performance on a consistent basis without regard to depreciation and amortization and goodwill impairment, which are non-cash in nature and can vary significantly depending on accounting methods and non-operating factors such as historical cost. Adjusted EBITDA also includes distributions and dividends received or receivable from equity-accounted investments.

Adjusted EBITDA is not a measurement based on GAAP, is not considered an alternative to operating income or net income in measuring performance, and is not comparable to similar measures used by other issuers. For a reconciliation to GAAP, please refer to the Selected Information and Reconciliation of EBITDA, Adjusted EBITDA, Adjusted Net Earnings and Free Cash Flow included in the attached schedule. Adjusted EBITDA should not be used as an exclusive measure of cash flow because it does not account for the impact of working capital growth, capital expenditures, debt repayments and other sources and uses of cash, which are disclosed in the statements of cash flows.

Adjusted Net Earnings

Adjusted Net Earnings provides a measurement of profitability calculated on a basis consistent with Adjusted EBITDA. Net earnings attributable to equity holders of the Corporation are adjusted to exclude Amortization of Accumulation Partners' contracts, customer relationships and technology, share of net earnings (loss) of equity accounted investments and impairment charges. Adjusted Net Earnings includes the Change in deferred revenue and Change in Future Redemption Costs, net of the income tax effect and non-controlling interest effect (where applicable) on these items at an entity level basis. Adjusted Net Earnings also includes distributions and dividends received or receivable from equity-accounted investments.

Adjusted Net Earnings 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. For a reconciliation to GAAP, please refer to the Selected Information and Reconciliation of EBITDA, Adjusted EBITDA, Adjusted Net Earnings and Free Cash Flow included in the attached schedule.

Standardized Free Cash Flow ("Free Cash Flow")

Free Cash Flow is a non-GAAP measure recommended by the CICA in order to provide a consistent and comparable measurement of free cash flow across entities of cash generated from operations and is used as an indicator of financial strength and performance.

Free Cash Flow is defined as cash flows from operating activities, as reported in accordance with GAAP, less adjustments for:

(a) total capital expenditures as reported in accordance with GAAP; and
(b) dividends, when stipulated, unless deducted in arriving at cash flows from operating activities.

For a reconciliation to cash flows from operations please refer to the Selected Information and Reconciliation of EBITDA, Adjusted EBITDA, Adjusted Net Earnings and Free Cash Flow included in the attached schedule.

EBITDA and Free Cash Flow are non-GAAP measurements recommended by the CICA in accordance with the recommendations provided in their October 2008 publication, *Improved Communications with Non-GAAP Financial Measures - General Principles and Guidance for Reporting EBITDA and Free Cash Flow*.

Constant Currency

Because exchange rates are an important factor in understanding period to period comparisons, the presentation of various financial metrics on a constant currency basis or after giving effect to foreign exchange translation, in addition to the reported metrics, helps improve the ability to understand operating results and evaluate performance in comparison to prior periods. Constant currency information compares results between periods as if exchange rates had remained constant over the periods. Constant currency is derived by calculating current-year results using prior-year foreign currency exchange rates. Results calculated on a constant currency basis should be considered in addition to, not as a substitute for, results reported in accordance with GAAP and may not be comparable to similarly titled measures used by other companies.

Notes to the Fourth Quarter Highlights table

1. Non-GAAP measures (Adjusted EBITDA and Free Cash Flow) and constant currency are explained in the section entitled Use of Non-GAAP Financial Information. Discrepancies in variances may arise due to rounding.
2. Net Earnings and Earnings per Common Share were adjusted for the unfavourable impact of the CIBC payment and the card migration provision totaling $146.9 million, net of an income tax recovery of $53.1 million. Adjusted EBITDA was adjusted for the unfavourable impact of the CIBC payment of $150.0 million and the card migration provision of $50.0 million. Free cash flow before dividends paid was adjusted for the CIBC payment of $150.0 million and the related harmonized sales tax of $22.5 million.
3. 2012 financial information was restated to reflect the retroactive application of the amendments to IAS 19. Refer to Note 2 of Aimia's Consolidated Financial Statements for the year ended December 31, 2013 for additional information.
4. Constant currency variances are based on Adjusted results for the year ended December 31, 2013.

Q4 2013 Conference Call / Audio Webcast

Aimia will host a conference call to discuss its fourth quarter 2013 financial results at 8:00 a.m. ET on Thursday, February 27, 2014. The call can be accessed by dialing 1-888-231-8191 or 647-427-7450 for the Toronto area. The call will be simultaneously audio webcast at: http://www.newswire.ca/en/webcast/detail/1281249/1413543

A slide presentation intended for simultaneous viewing with the conference call will be available the evening of February 26, 2014, at: http://aimia.com/en/investors/quarterly-reports.html and an archived audio webcast will be available at: http://aimia.com/content/aimiawebsite/global/en/investors/presentations.html for ninety days following the original broadcast.

The audited consolidated financial statements and the MD&A will be accessible on the investor relations website at: http://aimia.com/en/investors/quarterly-reports.html

About Aimia

Aimia Inc. ("Aimia" or the "Corporation") is a global leader in loyalty management. Employing more than 4,300 people in 20 countries worldwide, Aimia offers clients, partners and members proven expertise in launching and managing coalition loyalty programs, delivering proprietary loyalty services, creating value through loyalty analytics and driving innovation in the emerging digital, mobile and social communications spaces.

Aimia owns and operates Aeroplan, Canada's premier coalition loyalty program, Nectar, the United Kingdom's largest coalition loyalty program, Nectar Italia and Smart Button a leading provider of SaaS loyalty solutions. In addition, Aimia owns stakes in Air Miles Middle East, Mexico's leading coalition loyalty program Club Premier, Brazil's Prismah Fidelidade, China Rewards - the first coalition loyalty program in China that enables members to earn and redeem a common currency, and i2c, a joint venture with Sainsbury's offering insight and data analytics services in the UK to retailers and suppliers. Aimia also holds a minority position in Cardlytics, a US-based private company operating in card-linked marketing for electronic banking and Think Big, the owner and operator of BIG - AirAsia and Tune Group's loyalty program. Aimia is listed on the Toronto Stock Exchange (TSX: AIM). For more information, visit us at www.aimia.com.

Caution Concerning Forward-Looking Statements

Forward-looking statements are included in this news release. 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, dependency on top Accumulation Partners and clients, changes to the Aeroplan Program, failure to safeguard databases and consumer privacy, conflicts of interest, greater than expected redemptions for rewards, regulatory matters, retail market/economic conditions, industry competition, Air Canada liquidity issues, Air Canada or travel industry disruptions, airline industry changes and increased airline costs, supply and capacity costs, unfunded future redemption costs, changes to coalition loyalty programs, seasonal nature of the business, other factors and prior performance, foreign operations, legal proceedings, reliance on key personnel, labour relations, pension liability, technological disruptions and inability to use third-party software, failure to protect intellectual property rights, interest rate and currency fluctuations, leverage and restrictive covenants in current and future indebtedness, uncertainty of dividend payments, managing growth, credit ratings, as well as the other factors identified throughout this MD&A 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 February 26, 2014, 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.

SELECTED INFORMATION AND RECONCILIATION OF EBITDA, ADJUSTED EBITDA, ADJUSTED NET EARNINGS AND FREE CASH FLOW

(in thousands of Canadian dollars , except share and per share information)	Years ended December 31,					%△	
	2013		2012 (q)	2011		2013 over 2012	2012 over 2011
Gross Billings	**2,366,449**		2,243,023	2,233,226		5.5	0.4
Gross Billings from the sale of Loyalty Units	**1,711,376**		1,628,429	1,560,801		5.1	4.3
Total revenue before change in Breakage estimate	**2,376,360**		2,248,918	2,229,205		5.7	0.9
Change in Breakage estimate (f)(p)	**(702,812)**		—	(113,300)		**	**
Total revenue (as reported)	**1,673,548**		2,248,918	2,115,905		(25.6)	6.3
Cost of rewards and direct costs	**(1,301,795)**	*(g)*	(1,300,925)	(1,332,874)		0.1	(2.4)
Gross margin before depreciation and amortization (a)	**371,753**	*(g)*	947,993	783,031		(60.8)	21.1
Depreciation and amortization	**(43,474)**		(38,425)	(36,033)		13.1	6.6
Amortization of Accumulation Partners' contracts, customer relationships and technology	**(84,414)**		(87,234)	(93,474)		(3.2)	(6.7)
Gross margin	**243,865**	*(g)*	822,334	653,524		(70.3)	25.8
Operating expenses	**(908,911)**	*(g)(h)(i)*	(566,386)	(612,548)	*(i)*	60.5	(7.5)
Amortization of Accumulation Partners' contracts, customer relationships and technology	**84,414**		87,234	93,474		(3.2)	(6.7)
Operating income (loss) before amortization of Accumulation Partners' contracts, customer relationships and technology	**(580,632)**	*(g)(h)(i)*	343,182	134,450	*(i)*	**	**
Depreciation and amortization	**43,474**		38,425	36,033		13.1	6.6
Impairment of goodwill	**19,144**		—	53,901		**	**
EBITDA (a)(c)	**(518,014)**	*(g)(h)*	381,607	224,384		**	70.1
Adjustments:							
Change in deferred revenue							
Gross Billings	**2,366,449**		2,243,023	2,233,226			
Revenue	**(1,673,548)**		(2,248,918)	(2,115,905)			
Change in Future Redemption Costs (b)	**(40,070)**	*(j)*	11,640	472			
(Change in Net Loyalty Units outstanding x Average Cost of Rewards per Loyalty Unit for the period)							
Distributions from equity-accounted investments	**15,700**		15,712	—			
Subtotal of Adjustments	**668,531**		21,457	117,793			
Adjusted EBITDA (c)	**150,517**	*(g)(h)(j)*	403,064	342,177		(62.7)	17.8
Net earnings (loss) attributable to equity holders of the Corporation	**(498,281)**	*(g)(i)(k)(l)(m)*	165,507	(59,678)	*(i)(p)*		
Weighted average number of shares	**172,514,527**		173,015,589	179,146,339			
Earnings (loss) per common share (d)	**(2.95)**	*(g)(i)(k)(l)(m)*	0.89	(0.40)	*(i)(p)*		
Net earnings (loss) attributable to equity holders of the Corporation	**(498,281)**	*(g)(i)(k)(l)(m)*	165,507	(59,678)	*(i)(p)*		
Amortization of Accumulation Partners' contracts, customer relationships and technology	**84,414**		87,234	93,474			
Share of net (earnings) loss of equity-accounted investments	**6,556**		(2,917)	4,444			
Impairment of goodwill	**19,144**		—	53,901			
Adjusted EBITDA Adjustments (from above)	**668,531**		21,457	117,793			
Tax on adjustments (e)	**(173,245)**		(196)	6,273			
Non-controlling interests share on adjustments above	**(3,974)**		(2,252)	(18,042)			
Adjusted Net Earnings (c)	**103,145**	*(g)(l)(m)(n)*	268,833	198,165		(61.6)	35.7
Adjusted Net Earnings per common share (c)(d)	**0.53**	*(g)(l)(m)(n)*	1.49	1.04			
Cash flow from operations	**150,000**	*(o)*	357,443	242,541			
Capital expenditures	**(54,383)**		(57,955)	(44,919)			
Dividends	**(126,873)**		(119,992)	(113,481)			
Free Cash Flow (c)	**(31,256)**	*(o)*	179,496	84,141		**	**
Total assets	**5,338,596**		5,246,581	4,931,733			
Total long-term liabilities	**2,107,669**		1,760,871	1,313,201			
Total dividends per preferred share	**1.625**		1.625	1.625			
Total dividends per common share	**0.670**		0.630	0.575			

(a) Excludes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) The per unit cost derived from this calculation is retroactively applied to all prior periods with the effect of revaluing the Future Redemption Cost liability on the basis of the latest available average unit cost.

(c) A non-GAAP measurement.

(d) After deducting dividends declared on preferred shares.

(e) The effective tax rates, calculated as income tax expense / earnings before taxes for the period on an entity level basis, are applied to the related entity level adjustments noted above.

(f) The impact of the change in the Breakage estimate in the Aeroplan Program, which occurred in the second quarter of 2013, resulted in a reduction of $663.6 million to revenue from Loyalty Units, of which $617.0 million is attributable to the years prior to 2013 and $46.6 million to the six month period ended June 30, 2013. For the third and fourth quarter of 2013, the change in Breakage estimate resulted in a reduction of $39.2 million to revenue from Loyalty Units.

(g) Includes a favourable impact of $26.1 million (£16.4 million) resulting from the final judgment of the VAT litigation which occurred in the second quarter of 2013. Of this amount, $74.9 million (£47.0 million) was recorded as a reduction of cost of rewards and $48.8 million (£30.6 million) as an increase to operating expenses.

Prior to the issuance of the final ruling, Aimia had recorded an amount of $2.1 million (£1.4 million) in cost of rewards, representing input tax credits accrued during the period from January 1, 2013 to March 31, 2013.

(h) Includes the impact of the CIBC Payment of $150.0 million and the Card Migration Provision of $50.0 million.

(i) Includes goodwill impairment charges of $19.1 million and $53.9 million recorded during the years ended December 31, 2013 and 2011, respectively, related to the US Proprietary Loyalty CGU.

(j) The Change in Future Redemption costs for the year ended December 31, 2013 includes the unfavourable impact resulting from the change in the Breakage estimate in the Aeroplan Program, which occurred during the second quarter of 2013, and amounted to $49.9 million.

(k) Includes the unfavourable impact of the change in Breakage estimate in the Aeroplan Program, which occurred in the second quarter of 2013, of $512.6 million for the year ended December 31, 2013, net of an income tax recovery of $190.2 million.

(l) Includes the unfavourable impact attributable to the CIBC Payment and the Card Migration Provision totaling $146.9 million, net of an income tax recovery of $53.1 million.

(m) Includes the favourable impact of the reversal of previously accrued interest of $17.3 million (£10.8 million) resulting from the final judgment of the VAT litigation which occurred in the second quarter of 2013.

Prior to the issuance of the final ruling, Aimia had recorded an amount of $1.1 million (£0.7 million) as interest expense during the period from January 1, 2013 to March 31, 2013.

(n) Includes the unfavourable impact to the Change in Future Redemption costs resulting from the change in Breakage estimate in the Aeroplan Program, which occurred in the second quarter of 2013, of $36.8 million for the year ended December 31, 2013, net of an income tax recovery of $13.1 million.

(o) Includes the CIBC Payment of $150.0 million made on December 27, 2013 upon the closing of the asset purchase agreement and the related harmonized sales tax of $22.5 million.

(p) Includes the impact of the adjustments to the Breakage estimates related to the Nectar and Air Miles Middle East programs, which resulted in a reduction of $113.3 million to revenue from Loyalty Units attributable to the years prior to 2011. Of the total adjustment, $82.0 million is attributable to the Nectar Program and $31.3 million is attributable to the Air Miles Middle East program.

(q) 2012 financial information was restated to reflect the retroactive application of the amendments to IAS 19. Refer to Note 2 of Aimia's consolidated financial statements for the year ended December 31, 2013 for additional information.

** Information not meaningful.

(in thousands of Canadian dollars, except share and per share information)	Three Months Ended December 31, 2013		2012 *(n)*	%△ Q4
Gross Billings	**658,067**		615,055	7.0
Gross Billings from the sale of Loyalty Units	**464,673**		429,534	8.2
Total revenue before change in Breakage estimate	**706,820**		678,179	4.2
Change in Breakage estimate *(f)*	**(19,193)**		—	**
Total revenue (as reported)	**687,627**		678,179	1.4
Cost of rewards and direct costs	**(427,407)**		(412,651)	3.6
Gross margin before depreciation and amortization *(a)*	**260,220**		265,528	(2.0)
Depreciation and amortization	**(11,774)**		(12,013)	(2.0)
Amortization of Accumulation Partners' contracts, customer relationships and technology	**(23,890)**		(24,831)	(3.8)
Gross margin	**224,556**		228,684	(1.8)
Operating expenses	**(400,318)**	*(g)(h)*	(153,435)	**
Amortization of Accumulation Partners' contracts, customer relationships and technology	**23,890**		24,831	(3.8)
Operating income (loss) before amortization of Accumulation Partners' contracts, customer relationships and technology	**(151,872)**	*(g)(h)*	100,080	**
Depreciation and amortization	**11,774**		12,013	(2.0)
Impairment of goodwill	**19,144**		—	**
EBITDA *(a)(c)*	**(120,954)**	*(g)*	112,093	**
Adjustments:				
Change in deferred revenue				
Gross Billings	**658,067**		615,055	
Total revenue	**(687,627)**		(678,179)	
Change in Future Redemption Costs *(b)*	**34,111**	*(i)*	53,504	
(Change in Net Loyalty Units outstanding x Average Cost of Rewards per Loyalty Unit for the period)				
Distributions from equity-accounted investments	**5,313**		15,712	
Subtotal of Adjustments	**9,864**		6,092	

Adjusted EBITDA *(c)*	**(111,090)**	*(g)(i)*	118,185	**
Net earnings (loss) attributable to equity holders of the Corporation	**(125,592)**	*(h)(j)(k)*	56,897	
Weighted average number of shares	**172,852,768**		172,123,799	
Earnings (loss) per common share *(d)*	**(0.74)**	*(h)(j)(k)*	0.31	
Net earnings (loss) attributable to equity holders of the Corporation	**(125,592)**	*(h)(j)(k)*	56,897	
Amortization of Accumulation Partners' contracts, customer relationships and technology	**23,890**		24,831	
Share of net (earnings) loss of equity-accounted investments	**(1,516)**		374	
Impairment of goodwill	**19,144**		—	
Adjusted EBITDA Adjustments (from above)	**9,864**		6,092	
Tax on adjustments *(e)*	**(8,171)**		(1,377)	
Non-controlling interests share on adjustments above	**(1,041)**		(889)	
Adjusted Net Earnings *(c)*	**(83,422)**	*(k)(l)*	85,928	**
Adjusted Net Earnings per common share *(c)(d)*	**(0.50)**	*(k)(l)*	0.48	
Cash flow from operations	**(30,243)**	*(m)*	100,570	
Capital expenditures	**(21,858)**		(23,506)	
Dividends	**(32,207)**		(30,374)	
Free Cash Flow *(c)*	**(84,308)**	*(m)*	46,690	**
Total assets	**5,338,596**		5,246,581	
Total long-term liabilities	**2,107,669**		1,760,871	
Total dividends per preferred share	**0.406**		0.406	
Total dividends per common share	**0.170**		0.160	

(a) Excludes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) The per unit cost derived from this calculation is retroactively applied to all prior periods with the effect of revaluing the Future Redemption Cost liability on the basis of the latest available average unit cost.

(c) A non-GAAP measurement.

(d) After deducting dividends declared on preferred shares.

(e) The effective tax rates, calculated as income tax expense / earnings before taxes for the period on an entity level basis, are applied to the related entity level adjustments noted above.

(f) The impact of the change in the Breakage estimate in the Aeroplan Program, which occurred in the second quarter of 2013, resulted in a reduction of $19.2 million to revenue from Loyalty Units for the three months ended December 31, 2013.

(g) Includes the impact of the CIBC Payment of $150.0 million and the Card Migration Provision of $50.0 million.

(h) Includes a goodwill impairment charge of $19.1 million recorded during the three month ended December 31, 2013 related to the US Proprietary Loyalty CGU.

(i) The Change in Future Redemption costs for the three months ended December 31, 2013 includes the unfavourable impact resulting from the change in the Breakage estimate in the Aeroplan Program, which occurred during the second quarter of 2013, and amounted to $12.9 million.

(j) Includes the unfavourable impact of the change in Breakage estimate in the Aeroplan Program, which occurred in the second quarter of 2013, of $14.2 million, net of an income tax recovery of $5.0 million.

(k) Includes the unfavourable impact attributable to the CIBC Payment and the Card Migration Provision totaling $146.9 million, net of an income tax recovery of $53.1 million.

(l) Includes the unfavourable impact to the Change in Future Redemption costs resulting from the change in Breakage estimate in the Aeroplan Program, which occurred in the second quarter of 2013, of $9.5 million for the three months ended December 31, 2013, net of an income tax recovery of $3.4 million.

(m) Includes the CIBC Payment of $150.0 million made on December 27, 2013 upon the closing of the asset purchase agreement and the related harmonized sales tax of $22.5 million.

(n) 2012 financial information was restated to reflect the retroactive application of the amendments to IAS 19. Refer to Note 2 of Aimia's consolidated financial statements for the year ended December 31, 2013 for additional information.

** Information not meaningful.

SEGMENTED INFORMATION

At December 31, 2013, the Corporation had three reportable and operating segments: Canada, EMEA and US & APAC. The tables below summarize the relevant financial information by operating segment:

(in thousands of Canadian dollars)	Years Ended December 31, [l] 2013	2012[l]	2013	2012	2013	2012	2013
Operating Segments	**Canada**		**EMEA**		**US & APAC**		**Corpo**
Gross Billings	**1,300,101**	1,292,551	**704,120** (c)	639,851 (c)	**362,685** (c)	315,205 (c)	—
Gross Billings from the sale of Loyalty Units	**1,085,820**	1,079,793	**625,556**	548,636	—	—	—
Revenue from Loyalty Units before change in Breakage estimate	**1,096,266**	1,109,523	**625,307**	528,359	—	—	—
Change in Breakage estimate *(f)*	**(702,812)**	—	—	—	—	—	—
Revenue from Loyalty Units (reported)	**393,454**	1,109,523	**625,307**	528,359	—	—	—
Revenue from proprietary loyalty services	**166,512**	158,169	**18,531**	15,191	**362,288**	312,337	—
Other revenue	**47,378**	49,731	**60,078**	75,608	—	—	—
Intercompany revenue	—	17	**220**	304	**237**	4,263	—
Total revenue	**607,344**	1,317,440	**704,136**	619,462	**362,525**	316,600	—
Cost of rewards and direct costs	**689,200**	693,044	**410,900** (i)	438,639	**201,695**	169,563	—
Gross margin before depreciation and amortization	**(81,856)**	624,396	**293,236** (i)	180,823	**160,830**	147,037	—
Depreciation and amortization *(a)*	**98,762**	95,170	**16,663**	17,005	**12,463**	13,484	—
Gross margin	**(180,618)**	529,226	**276,573** (i)	163,818	**148,367**	133,553	—
Operating expenses before the undernoted	**438,807** (g)	224,579	**195,268** (i)	141,995	**164,781**	138,277	**71,925**
Share-based compensation	—	—	—	—	—	—	**19,443**
Impairment of goodwill	—	—	—	—	**19,144**	—	—
Total operating expenses	**438,807** (g)	224,579	**195,268** (i)	141,995	**183,925**	138,277	**91,368**
Operating income (loss)	**(619,425)** (g)	304,647	**81,305** (i)	21,823	**(35,558)**	(4,724)	**(91,368)**
Adjusted EBITDA *(k)*	**137,664** (g)(h)	396,598	**94,000** (i)(j)	49,187	**(3,791)**	7,365	**(77,356)** (
Additions to non-current assets *(d)*	**33,054**	32,269	**17,693**	18,675	**3,636**	7,011	—
Non-current assets *(d)*	**3,131,097**	3,190,837	**516,682** (e)	468,782 (e)	**78,077** (e)	77,805 (e)	**2,244**

(a) Includes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) Includes expenses that are not directly attributable to any specific operating segment. Corporate also includes the financial position and operating results of our operations in India.

(c) Includes third party Gross Billings of $573.2 million in the UK and $227.2 million in the US for the year ended December 31, 2013, compared to third party Gross Billings of $525.2 million in the UK and $191.5 million in the US for the year ended December 31, 2012. Third party Gross Billings are attributed to a country on the basis of the country where the contractual and management responsibility for the customer resides.

(d) Non-current assets include amounts relating to goodwill, intangible assets and property and equipment.

(e) Includes non-current assets of $463.5 million in the UK and $69.1 million in the US as of December 31, 2013, compared to non-current assets of $418.2 million in the UK and $71.1 million in the US as of December 31, 2012.

(f) The impact of the change in the Breakage estimate in the Aeroplan Program, which occurred in the second quarter of 2013, resulted in a reduction of $663.6 million to revenue from Loyalty Units, of which $617.0 million is attributable to the years prior to 2013 and $46.6 million to the six month period ended June 30, 2013. For the third and fourth quarter of 2013, the change in Breakage estimate resulted in a reduction of $39.2 million to revenue from Loyalty Units.

(g) Includes the impact of the CIBC Payment of $150.0 million and the Card Migration Provision of $50.0 million.

(h) The Change in Future Redemption costs for year ended December 31, 2013 includes the unfavourable impact resulting from the change in the Breakage estimate in the Aeroplan Program, which occurred in the second quarter of 2013, and amounted to $49.9 million.

(i) Includes a favourable impact of $26.1 million (£16.4 million) resulting from the final judgment of the VAT litigation which occurred in the second quarter of 2013. Of this amount, $74.9 million (£47.0 million) was recorded as a reduction of cost of rewards and $48.8 million (£30.6 million) as an increase to operating expenses.

Prior to the issuance of the final ruling, Aimia had recorded an amount of $2.1 million (£1.4 million) in cost of rewards, representing input tax credits accrued during the period from January 1, 2013 to March 31, 2013.

(j) Adjusted EBITDA includes distributions received or receivable from equity-accounted investments amounting to $15.7 million for the year ended December 31, 2013, of which $14.0 million relates to PLM and is included in Corporate and $1.7 million relates to i2c and is included in the EMEA region. Adjusted EBITDA for the year ended December 31, 2012 includes a distribution received from PLM amounting to $15.7 million reflected in Corporate.

(k) A non-GAAP measurement.

(l) 2012 financial information was restated to reflect the retroactive application of the amendments to IAS 19. Refer to Note 2 of Aimia's consolidated financial statements for the year ended December 31, 2013 for additional information.

(in thousands of Canadian dollars)	Three Months Ended December 31, 2013	2012[k]	2013	2012	2013	2012	2013	2012	2013	2012	2013
Operating											

Segments	Canada		EMEA		US & APAC		Corporate[b]		Eliminations		Co
Gross Billings	**347,049**	336,232	**200,046** *(c)*	177,586 *(c)*	**111,020** *(c)*	102,265 *(c)*	—	—	**(48)**	(1,028)	**658,067** *(c*
Gross Billings from the sale of Loyalty Units	**289,388**	278,780	**175,285**	150,754	—	—	—	—	—	—	**464,673**
Revenue from Loyalty Units before change in Breakage estimate	**244,609**	267,678	**271,069**	223,728	—	—	—	—	—	—	**515,678**
Change in Breakage estimate *(f)*	**(19,193)**	—	—	—	—	—	—	—	—	—	**(19,193)**
Revenue from Loyalty Units (reported)	**225,416**	267,678	**271,069**	223,728	—	—	—	—	—	—	**496,485**
Revenue from proprietary loyalty services	**45,905**	45,314	**5,969**	4,276	**109,010**	101,858	—	—	—	—	**160,884**
Other revenue	**11,496**	12,546	**18,762**	22,779	—	—	—	—	—	—	**30,258**
Intercompany revenue	—	5	**48**	48	—	975	—	—	**(48)**	(1,028)	—
Total revenue	**282,817**	325,543	**295,848**	250,831	**109,010**	102,833	—	—	**(48)**	(1,028)	**687,627**
Cost of rewards and direct costs	**155,836**	172,597	**210,259**	182,578	**61,312**	57,529	—	—	—	(53)	**427,407**
Gross margin before depreciation and amortization	**126,981**	152,946	**85,589**	68,253	**47,698**	45,304	—	—	**(48)**	(975)	**260,220**
Depreciation and amortization *(a)*	**26,812**	25,257	**4,745**	4,881	**4,107**	6,706	—	—	—	—	**35,664**
Gross margin	**100,169**	127,689	**80,844**	63,372	**43,591**	38,598	—	—	**(48)**	(975)	**224,556**
Operating expenses before the undernoted	**272,883** *(g)*	58,796	**38,699**	36,910	**41,219**	38,018	**22,573**	18,172	**(48)**	(975)	**375,326** *(g*
Share-based compensation	—	—	—	—	—	—	**5,848**	2,514	—	—	**5,848**
Impairment of goodwill	—	—	—	—	**19,144**	—	—	—	—	—	**19,144**
Total operating expenses	**272,883** *(g)*	58,796	**38,699**	36,910	**60,363**	38,018	**28,421**	20,686	**(48)**	(975)	**400,318** *(g*
Operating income (loss)	**(172,714)** *(g)*	68,893	**42,145**	26,462	**(16,772)**	580	**(28,421)**	(20,686)	—	—	**(175,762)** *(g*
Adjusted EBITDA *(j)*	**(114,962)** *(g)(h)*	100,428	**20,179** *(i)*	16,013	**8,489**	6,718	**(24,796)** *(i)*	(4,974) *(i)*	—	—	**(111,090)** *(g*
Additions to non-current assets *(d)*	**13,967**	12,351	**6,017**	8,964	**1,874**	2,191	—	—	**N/A**	N/A	**21,858**
Non-current assets *(d)*	**3,131,097**	3,190,837	**516,682** *(e)*	468,782 *(e)*	**78,077** *(e)*	77,805 *(e)*	**2,244**	2,156	**N/A**	N/A	**3,728,100** *(e*

(a) Includes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) Includes expenses that are not directly attributable to any specific operating segment. Corporate also includes the financial position and operating results of our operations in India.

(c) Includes third party Gross Billings of $170.3 million in the UK and $68.5 million in the US for the three months ended December 31, 2013, compared to third party Gross Billings of $148.4 million in the UK and $67.0 million in the US for the three months ended December 31, 2012. Third party Gross Billings are attributed to a country on the basis of the country where the contractual and management responsibility for the customer resides.

(d) Non-current assets include amounts relating to goodwill, intangible assets and property and equipment.

(e) Includes non-current assets of $463.5 million in the UK and $69.1 million in the US as of December 31, 2013, compared to non-current assets of $418.2 million in the UK and $71.1 million in the US as of December 31, 2012.

(f) The impact of the change in the Breakage estimate in the Aeroplan Program, which occurred in the second quarter of 2013, resulted in a reduction of $19.2 million to revenue from Loyalty Units for the three months ended December 31, 2013.

(g) Includes the impact of the CIBC Payment of $150.0 million and the Card Migration Provision of $50.0 million.

(h) The Change in Future Redemption costs for the three months ended December 31, 2013 includes the unfavourable impact of $12.9 million resulting from the change in the Breakage estimate in the Aeroplan Program which occurred in the second quarter of 2013.

(i) Adjusted EBITDA includes distributions received or receivable from equity-accounted investments amounting to $5.3 million for the three months ended December 31, 2013, of which $3.6 million relates to PLM and is included in Corporate and $1.7 million relates to i2c and is included in the EMEA region. Adjusted EBITDA for the three months ended December 31, 2012 includes a distribution received from PLM amounting to $15.7 million reflected in Corporate.

(j) A non-GAAP measurement.

(k) 2012 financial information was restated to reflect the retroactive application of the amendments to IAS 19. Refer to Note 2 of Aimia's consolidated financial statements for the year ended December 31, 2013 for additional information.

SOURCE AIMIA

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