

## Aimia Reports First Quarter Results

<b>FIRST QUARTER HIGHLIGHTS<sup>(1)(5)</sup></b> <b>(in millions of Canadian dollars, except per share amounts)</b>	<b>Three Months Ended March 31,</b>		<b>Year over Year</b>	
	<b>2014</b>	<b>2013</b>	<b>% Change</b>	<b>Constant Currency</b>
Gross Billings <sup>(2)</sup>	<b>717.2</b>	561.1	<b>27.8%</b>	22.6%
Total Revenue	<b>608.9</b>	609.5	<b>-0.1%</b>	-4.2%
Net Earnings (Loss)	<b>(16.3)</b>	45.7	<b>**</b>	<b>**</b>
Earnings (Loss) per Common Share	<b>(0.13)</b>	0.22	<b>**</b>	<b>**</b>
Adjusted EBITDA <sup>(2)</sup>	<b>132.6</b>	82.8	<b>60.1%</b>	<b>**</b>
Adjusted Net Earnings per Common Share <sup>(3)</sup>	<b>0.48</b>	0.27	<b>77.8%</b>	<b>**</b>
Free Cash Flow before Dividends Paid <sup>(2)(4)</sup>	<b>60.5</b>	(9.5)	<b>**</b>	<b>**</b>

\*\* Information not meaningful

Please refer to "Notes to Financial Tables" at the end of this release for details on notations (1) through (10)

MONTREAL, May 13, 2014 /CNW Telbec/ - (TSX:AIM) Aimia today reported its financial results for the quarter ended March 31, 2014. All financial information is in Canadian dollars unless otherwise noted.

**Highlights:**

- A strong quarter for Gross Billings, Adjusted EBITDA and Free Cash Flow, boosted by the \$100 million TD contribution related to Aeroplan program changes
- Aeroplan transformation exceeding expectations, with TD enrolling around 275,000 new cardholders, representing a 50% increase over the credit card portfolio conveyed from CIBC in only a few months
- New investment announced in April in Spain's Travel Club extends Aimia's coalition presence
- Dividend reviewed in line with annual policy, with quarterly dividend to common shareholders increased by 5.9% to \$0.18 per common share
- Free Cash Flow guidance for 2014 raised on back of a strong first quarter at Aeroplan

**Rupert Duchesne, Group Chief Executive said:**

"Our partnership with TD has resulted in a successful launch and we are seeing strong momentum in both our TD and AMEX relationships thanks to the refresh of the Aeroplan program.

"Aeroplan members' activity levels suggest that the changes we made to the program were the right ones and are delivering value to them, with rewards issued up 9% in the quarter."

**Consolidated Financial Highlights (Period ended March 31, 2014 versus period ended March 31, 2013, except where otherwise stated)**

<b>Consolidated Highlights<sup>(1)(5)</sup></b>	<b>Three Months Ended March 31,</b>	<b>Year over Year</b>
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<b>(in millions of Canadian dollars)</b>	<b>2014</b>	<b>2013</b>	<b>% Change</b>	<b>Constant Currency</b>
<b>Gross Billings<sup>(2)</sup></b>	<b>717.2</b>	<b>561.1</b>	<b>27.8%</b>	<b>22.6%</b>
<i>Of which: Gross Billings from Sale of Loyalty Units<sup>(2)</sup></i>	<i>548.7</i>	<i>413.3</i>	<i>32.7%</i>	<i>27.4%</i>
<i>Of which: Proprietary Loyalty and Other</i>	<i>168.5</i>	<i>147.8</i>	<i>14.1%</i>	<i>9.1%</i>
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>132.6</b>	<b>82.8</b>	<b>60.1%</b>	<b>**</b>
<i>Of which: Distributions from equity-accounted investments</i>	<i>-</i>	<i>-</i>	<i>**</i>	<i>**</i>
<b>Free Cash Flow before Dividends Paid<sup>(2)(4)</sup></b>	<b>60.5</b>	<b>(9.5)</b>	<b>**</b>	<b>**</b>
<i>Of which: Cash flow from Operations</i>	<i>82.1</i>	<i>(0.5)</i>	<i>**</i>	<i>**</i>
<i>Of which: Capital Expenditures</i>	<i>(21.6)</i>	<i>(9.0)</i>	<i>**</i>	<i>**</i>

\*\* Information not meaningful

Please refer to "Notes to Financial Tables" at the end of this release for details on notations (1) through (10)

- Gross Billings were up 27.8% on a reported basis, with the \$100 million benefit from the TD contribution in the first quarter, a strong performance from the Canadian region and a favourable foreign exchange impact.
- On a constant currency basis, Gross Billings were up 22.6%, with Gross Billings from the Sale of Loyalty Units up 27.4% and strong growth in Proprietary Loyalty and Other, up 9.1%.
- Adjusted EBITDA was up 60.1% to \$132.6 million, with the \$100 million contribution received from TD offset by higher cost of rewards.
- Free Cash Flow before Dividends Paid was \$60.5 million, with higher capital expenditures more than offset by higher Cash flow from Operations which included the benefit of the \$100 million TD contribution and a \$22.5 million harmonized sales tax credit received in the first quarter.

#### 2014 Guidance\*

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

	<b>2013</b>	<b>Original Guidance (as provided on Feb 26, 2014)</b>	<b>2014 Target Range (as updated on May 13, 2014)</b>
Gross Billings	\$2,366.4 million	Between 7% and 9% growth (constant currency) <sup>(2)</sup>	No Change
Adjusted EBITDA <sup>(1)</sup>	\$350.5 million <sup>(6)</sup>	Adjusted EBITDA margin of approximately 12% <sup>(2)</sup>	No Change
Free Cash Flow before Dividends Paid <sup>(1)</sup>	\$268.1 million <sup>(7)</sup>	Target range of \$230 to \$250 million <sup>(2)(8)</sup>	Target range of \$250 to \$270 million <sup>(2)(8)</sup>
Capital Expenditures	\$54.4 million	To approximate \$60 to \$70 million	No Change

Please refer to "Notes to Financial Tables" at the end of this release for details on notations (1) through (10)

\*Please refer to "Statement on Guidance Assumptions" at the end of this release for details on assumptions made in preparing the 2014 guidance.

## Regional Financial Highlights

Regional Highlights <sup>(1)(5)</sup> (in millions of Canadian dollars)	Three Months Ended March 31,		Year over Year	
	2014	2013	% Change	Constant Currency
<b>Consolidated Gross Billings<sup>(2)(9)</sup></b>	<b>717.2</b>	<b>561.1</b>	<b>27.8%</b>	<b>22.6%</b>
Of which: Canada <sup>(2)</sup>	432.8	307.1	40.9%	40.9%
Of which: EMEA	187.0	173.7	7.6%	-6.8%
Of which: US & APAC	97.7	80.6	21.3%	15.9%
<b>Consolidated Revenue<sup>(9)</sup></b>	<b>608.9</b>	<b>609.5</b>	<b>-0.1%</b>	<b>-4.2%</b>
Of which: Canada	355.2	371.7	-4.4%	-4.4%
Of which: EMEA	158.7	157.4	0.8%	-12.3%
Of which: US & APAC	95.2	80.8	17.9%	12.8%
<b>(in millions of Canadian dollars)</b>	<b>2014</b>	<b>2013</b>	<b>2014 Margin</b>	<b>2013 Margin</b>
<b>Consolidated Adjusted EBITDA<sup>(2)</sup></b>	<b>132.6</b>	<b>82.8</b>	<b>18.5%</b>	<b>14.8%</b>
Of which: Canada <sup>(2)</sup>	141.0	89.1	32.6%	29.0%
Of which: EMEA	14.7	17.4	7.9%	10.0%
Of which: US & APAC	(1.7)	(3.7)	-1.7%	-4.5%
Of which: Corporate	(21.4)	(20.0)	**	**

\*\* Information not meaningful

Please refer to "Notes to Financial Tables" at the end of this release for details on notations (1) through (10)

### Canada - Strong Aeroplan Gross Billings growth on the back of new financial cards agreements and TD contribution

- Gross Billings were up 40.9% over last year, with the benefit of the TD contribution and an 8.4% underlying increase in Gross Billings. This is a significant change in Canadian Gross Billings growth rates compared to a 2% decrease in the first quarter of last year.
- The main driver was the significant increase in Gross Billings from Loyalty Units, as a result of the implementation of the Aeroplan transformation and the financial cards agreements signed with TD, CIBC and AMEX in 2013.
- Adjusted EBITDA was up \$51.9 million over last year to \$141.0 million, with the benefit of the TD contribution. Excluding the TD contribution, the \$48.1 million decrease was due to higher redemption costs, including a \$16.1 million increase in Future Redemption Costs on promotional miles issued with the activation of new financial cards, and the impact of reduced Breakage. Marketing costs were also higher in the quarter.
- Revenue of \$355.2 million was below last year, with the impact of increased redemption volumes being more than offset by the \$25.1 million impact resulting from the change in the Breakage rate.

### Europe, Middle East & Africa (EMEA) - Favourable currency impact offsetting tough comps

- Gross Billings were up 7.6% to \$187.0 million, with our UK-denominated billings benefiting from the strength of the pound sterling.

- The Gross Billings decrease of \$9.9 million in the Middle East, mainly attributable to last year's sponsor funding to support enhanced member engagement, and the timing of the Easter holiday were the main drivers of the decline relative to the comparative period. An increase in Gross Billings from analytics and insights and proprietary loyalty clients partially offset this decline.
- Adjusted EBITDA was down \$2.7 million to \$14.7 million. The decrease was due to the promotional funding to support increased member engagement in the Middle East in the first quarter of last year offset by the favourable currency impact.
- Revenue also benefited from a favourable currency impact and was up 0.8% on a reported basis. Underlying performance was driven by lower redemption volumes in our coalition programs against a strong quarter in the Middle East and Italy last year, only partially offset by analytics and insights and proprietary loyalty revenue growth.

#### **US & Asia Pacific - Gross Billings growth driven by timing of new business in the APAC region**

- Gross Billings were up 21.3% to \$97.7 million and up 15.9% on a constant currency basis, with strong growth resulting from net new business in APAC, which offset lower rewards fulfillment volumes in the US.
- Adjusted EBITDA improved by \$2.0 million, mainly attributable to the timing of Gross Billings, which offset a lower gross margin and increased operating expenses.
- Revenue was up 17.9% to \$95.2 million and up 12.8% on a constant currency basis, driven by net new business in APAC offset by lower rewards fulfillment volumes in the US.

#### **Corporate**

- Corporate costs were up 6.9% to \$21.4 million from \$20.0 million, with the increase mainly attributable to higher costs to support growth in the global businesses, offset in part by lower share-based compensation expense of \$2.2 million.

#### **Operational Highlights**

<b>Operational Highlights<sup>(1)(5)</sup></b>	<b>Three Months Ended March 31,</b>		<b>Year over Year %</b>
<b>(in millions of Canadian dollars)</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>
<b>Consolidated Gross Billings from the sale of Loyalty Units</b>			
<b>(76% of total Gross Billings)<sup>(2)</sup></b>	<b>548.7</b>	<b>413.3</b>	<b>32.7%</b>
Of which: Canada (70% of Loyalty Units) <sup>(2)</sup>	384.5	256.6	49.9%
Of which: EMEA (30% of Loyalty Units)	164.1	156.7	4.7%
<b>Consolidated Revenue from Loyalty Units</b>	<b>441.7</b>	<b>461.1</b>	<b>-4.2%</b>
Aeroplan Miles Revenue	272.6	263.5	3.5%
Aeroplan Breakage Revenue	33.3	57.3	-41.9%
Of which: Canada	305.9	320.8	-4.6%
Of which: EMEA	135.8	140.3	-3.2%
<b>Consolidated Change in Deferred Revenues<sup>(2)</sup></b>	<b>108.3</b>	<b>(48.4)</b>	<b>**</b>
Of which: Canada <sup>(2)</sup>	77.6	(64.5)	**
Of which: EMEA	28.2	16.4	72.7%

\*\* Information not meaningful

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#### Canadian Gross Billings and Revenue from the sale of Loyalty Units

Canadian Gross Billings from Loyalty Units represented 54% of total Consolidated Gross Billings and 70% of Consolidated Gross Billings from Loyalty Units in the quarter.

The 49.9% increase in the quarter included the \$100 million TD contribution. Underlying Gross Billings were up 10.9%, with financial services being the principal contributor to the strong growth. The promotional mileage awarded on new financial cards activation also drove the 15.4% increase in Aeroplan Miles issued in the quarter.

Gross Billings from our financial cards partners were up 15.5%, mainly resulting from:

- A higher number of financial cards in the market driven by higher card activations in the first three months of 2014, with a 12% lift in co-branded credit cards to 1.4 million and net new cards acquired taking the AMEX base up over 30%;
- Higher Membership Rewards conversions into Aeroplan Miles from AMEX; and
- An increased price per mile under our renewed financial card agreements on miles issued (outside of promotional issuance related to new cards acquired).

In our other sectors, higher promotional activity in the non-air travel sector was offset by flat Gross Billings in air. Pricing for these sectors remained unchanged.

Canadian revenue from Loyalty Units was down 4.6%, with the impact of lower Breakage revenue resulting from the change in Breakage rate in the second quarter of 2013 more than offsetting the increase in redemption volumes. Miles redeemed were up 2.9%, driven mainly by an increase in air redemptions due to enhanced travel reward offerings under the Distinction program launched in January 2014. Rewards issued in the quarter were up 8.6%, with air rewards up 13.3% over the same period last year.

#### EMEA Gross Billings and Revenue from the sale of Loyalty Units

EMEA Gross Billings from Loyalty Units represented the remaining 30% of Gross Billings from Loyalty Units on a consolidated basis and 23% of total Consolidated Gross Billings. Nectar UK accounted for 82% of EMEA Gross Billings from Loyalty Units in the quarter.

EMEA Gross Billings from Loyalty Units were up 4.7% on a reported basis, including a favourable benefit from currency. Excluding the impact of currency, Gross Billings decreased by \$14.8 million, of which \$9.9 million was attributable to partner promotional funding in the Middle East last year. Nectar Italia is also down due to a decrease in promotional activity and difficult economic conditions.

Middle East points accumulation was down 7.2%, while Nectar Italia accumulation was down 16.6%. Nectar UK was impacted by the timing of the Easter holiday and a more challenging grocery sector, which saw points issued decrease by 1.6%.

Revenue from Loyalty Units was down \$4.5 million to \$135.8 million. Nectar UK redemptions rose by 5.3% but this was offset by lower Middle East and Nectar Italia redemptions, with redemptions down 61.4% and 17.4% respectively, due to the first year of expiry in the Middle East last year and lower promotional activity in Italy.

#### **Cost of Rewards and Direct Costs**

**Cost of Rewards and Direct Costs<sup>(5)</sup>**

**Three Months  
Ended**

(in millions of Canadian dollars)	March 31,		Year over Year	
	2014	2013	% Change	Constant Currency
<b>Consolidated cost of rewards and direct costs</b>	<b>404.5</b>	<b>353.4</b>	<b>14.5%</b>	<b>9.9%</b>
Of which: Canada	241.6	202.8	19.1%	19.1%
Of which: EMEA	108.8	106.4	2.2%	-11.2%
Of which: US & APAC	54.2	44.2	22.5%	18.2%

Please refer to "Notes to Financial Tables" at the end of this release for details on notations (1) through (10)

Cost of rewards and direct costs represented 66.4% of revenue in the quarter, resulting in a gross margin before depreciation and amortization of 33.6%, compared to 42.0% last year.

Cost of rewards and direct costs were up 14.5% to \$404.5 million. Canada contributed \$38.8 million of the increase, up 19.1%. The elevated cost of rewards in Canada resulted from an increase in redemption volumes and higher redemption cost per Mile due to the redemption mix in the first quarter under the newly launched Distinction program.

In EMEA, the lower volume of redemptions in the Air Miles Middle East and Nectar Italia programs was offset by an unfavourable currency impact increasing cost of rewards and direct costs by 2.2% on a reported basis.

Net new business in APAC more than offset the lower fulfillment volumes from our US business, resulting in a 22.5% increase in the US & APAC region.

#### Free Cash Flow

Free Cash Flow <sup>(1)(5)</sup> (in millions of Canadian dollars)	Three Months Ended March 31,		Year over Year
	2014	2013	% Change
Cash Flow from Operations <sup>(2)(4)</sup>	82.1	(0.5)	**
Capex	(21.6)	(9.0)	140.0%
<b>Free Cash Flow before Dividends Paid<sup>(2)(4)</sup></b>	<b>60.5</b>	<b>(9.5)</b>	<b>**</b>
Free Cash Flow before Dividends Paid per share <sup>(2)(4)(10)</sup>	0.32	(0.07)	**
Dividends Paid (Common and Preferred)	(34.2)	(30.4)	12.5%
<b>Free Cash Flow<sup>(2)(4)</sup></b>	<b>26.3</b>	<b>(39.9)</b>	<b>**</b>

\*\* Information not meaningful

Please refer to "Notes to Financial Tables" at the end of this release for details on notations (1) through (10)

Free Cash Flow before Dividends Paid was \$60.5 million, or \$0.32 per share, up significantly on last year.

The increase was largely attributable to an increase in Cash Flow from Operations, resulting from higher Gross Billings in the quarter compared to the prior year, including the TD contribution received in early January and a \$22.5 million input tax credit on harmonized sales tax received in the first quarter, offset by higher redemption costs and operating expenses.

Higher capital expenditures were mainly related to information technology investments and real estate expenditures, including the relocation of our headquarters to the new Tour Aimia in Montreal at the end of April.

Dividends paid in the quarter were \$34.2 million, of which \$29.5 million were related to quarterly dividends paid to common shareholders.

#### **Dividend and Share Information**

<b>Date of Dividend Declaration</b>	<b>Per Common Share</b>	<b>Amount of Dividend</b>	
		<b>Per Series 1 Preferred Share</b>	<b>Per Series 3 Preferred Share</b>
13-May-2013	\$0.170	\$0.40625	-
12-Aug-2013	\$0.170	\$0.40625	-
13-Nov-2013	\$0.170	\$0.40625	-
26-Feb-2014	\$0.170	\$0.40625	\$0.321100
13-May-2014	\$0.180	\$0.40625	\$0.390625

#### Common Shares

The Board of Directors have declared a quarterly dividend of \$0.18 per common share, payable on June 30, 2014 to shareholders of record at the close of business on June 16, 2014, representing a 5.9% increase.

At March 31, 2014, the number of Common shares outstanding was 173,357,418. The weighted average number of basic and diluted common shares for the three months ended March 31, 2014, was 173,062,413.

#### Preferred Shares

The Board also declared a quarterly dividend in the amount of \$0.40625 per Cumulative Rate Reset Preferred Share, Series 1 and a quarterly dividend in the amount of \$0.390625 per Cumulative Rate Reset Preferred Share, Series 3, in each case payable on June 30, 2014 to the holders of record at the close of business on June 16, 2014.

At March 31, 2014, the number of Series 1 Cumulative Rate Reset Preferred Shares outstanding was 6,900,000 and the number of Series 3 Cumulative Rate Reset Preferred Shares outstanding was 6,000,000.

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

#### **Investments**

A strong financial position has allowed Aimia to undertake small acquisitions and investments to support its strategy and replicate its successful models globally. It has also allowed investment in technology to strengthen its competitive position and to generate the kind of longer term returns seen from PLM, where Aimia received distributions of \$14 million in 2013.

#### **Investments**

On a year to date basis, Aimia has announced the following acquisitions:

#### **Think Big**

On February 6, 2014, Aimia made an initial equity investment of \$17.1 million in Air Asia's Think Big coalition loyalty program. Aimia will bring the expertise and knowledge transfer to help grow the member base and build the loyalty experience with the consumer, while also improving profitability.

## Travel Club

On April 10, 2014, Aimia acquired a 25% equity stake in Travel Club, Spain's largest coalition loyalty program, becoming a shareholder alongside Iberia, Repsol and Eroski. Travel Club has 6 million members and 30 business partners. Aimia will draw on its international experience to grow Travel Club's member base, deliver more value to members and attract partners from new sectors including finance, fashion, insurance and telecoms.

Current investments include:

### Investments

Name	Country	% Aimia holds
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#### Investments in Joint Arrangements

PLM Premier S.A.P.I. de CV	Mexico	48.9%
Prismah Fidelidade S.A.	Brazil	50.0%
Insight 2 Communications LLP	UK	50.0%
Think Big	Malaysia	nd

#### Investments in Associates and Other

China Rewards	China	nd
Cardlytics	US	nd
Travel Club	Spain	25.0%

nd: Not disclosed

## Balance Sheet and financial position

Aimia had commitments for long term debt facilities totalling \$961.2 million at the end of March 2014, with \$181.9 million coming due in 2014.

### Long-Term Debt Maturity Schedule (in millions Canadian Dollars)

	Total	2014	2015	2016	2017	2018	Thereafter
Long-Term Debt including Interest	961.2	181.9	37.4	36.9	229.6	218.4	257.0

On May 9, 2014, Aimia also concluded an amendment to its existing \$300 million credit facility with its lending syndicate, extending the term of its revolving facility by two years to April 23, 2018.

The continued availability of the credit facilities is subject to Aimia's ability to maintain certain leverage, debt service and interest coverage covenants, as well as other affirmative and negative covenants, including certain limitations of distributions in the form of dividends or equity repayments in any given fiscal year, as set out in the credit agreement. At March 31, 2014, Aimia complied with all such covenants.

At March 31, 2014, Aimia had net debt of \$(181.0) million, consisting of long term debt of \$800.0 million less \$623.2 million of cash and \$357.8 million in long term investments in bonds, short term investments and restricted cash.

Our available cash, which includes cash and cash equivalents, short term investments and long term investments in bonds, totaled \$503.8 million, after accounting for \$444.2 million of redemption reserves related to our Canadian and UK programs.

## Quarterly Conference Call and Audio Webcast Information

Aimia will host a conference call to discuss its first quarter 2014 financial results at 8:00 a.m. ET on Wednesday, May 14, 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/1281253/1413551>

A slide presentation intended for simultaneous viewing with the conference call will be available the evening of May 13, 2014, at: <http://www.aimia.com/en/investors/presentations.html> and an archived audio webcast will be available at: <http://www.aimia.com/content/aimiawebsite/global/en/investors/events.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>

## Social Purpose Report

Aimia has today issued its 2013 Social Purpose Report, outlining the progress against its three focus areas: Loyalty for Good, Responsible Business Practices and Employees & Communities.

The full report is available at [www.aimia.com/en/social-purpose/annual-reports.html](http://www.aimia.com/en/social-purpose/annual-reports.html).

## Explanatory Notes to Financial Tables

1. Non-GAAP measures (Adjusted EBITDA, Adjusted Net Earnings per Common share, Free Cash Flow before Dividends Paid and Free Cash Flow before Dividends Paid per share) and constant currency are explained in the section entitled Use of Non-GAAP Financial Information.
2. Includes the \$100.0 million upfront contribution received from TD in the first quarter of 2014.
3. Includes the upfront contribution received from TD totaling \$73.4 million, net of an income tax expense of \$26.6 million.
4. Includes a \$22.5 million harmonized sales tax credit received in the first quarter of 2014.
5. Variances in sub-totals and figures may arise due to rounding of financial information in millions of dollars.
6. Represents reported figures excluding the \$150.0 million payment to CIBC and \$50.0 million card migration provision.
7. Represents reported figures excluding the \$150.0 million payment to CIBC and \$22.5 million of related harmonized sales tax.
8. 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.
9. The variance between the consolidated total and regional sub-totals is due to intercompany eliminations.
10. Calculated as: (Free Cash Flow before Dividends Paid less preferred dividends paid) / weighted average common shares outstanding.

## Currency Sensitivity and Constant Currency

### Currency Sensitivity

Aimia is exposed to currency risk on its foreign operations which are denominated in a currency other than the Canadian dollar, mainly the pound sterling, and as such, is subject to fluctuations as a result of foreign exchange rate variations.

### 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.

## **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 Summary of Consolidated Operating Results and Reconciliation of EBITDA, Adjusted EBITDA, Adjusted Net Earnings and Free Cash Flow on page 14 of the Management Discussion & Analysis for the three month period ended March 31, 2014. 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 Summary of Consolidated Operating Results and Reconciliation of EBITDA, Adjusted EBITDA, Adjusted Net Earnings and Free Cash Flow on page 14 of the Management Discussion & Analysis.

### ***Adjusted Net Earnings per Common Share***

Adjusted Net Earnings per Common Share provides a measurement of profitability per Common Share on a basis consistent with Adjusted Net Earnings. Calculated as Adjusted Net Earnings less dividends declared on preferred shares divided by the number of weighted average number of basic and diluted common shares.

Adjusted Net Earnings per Common Share is not a measurement based on GAAP, is not considered an alternative to Net Earnings per Common Share in measuring profitability per Common Share and is not comparable to similar measures used by other issuers. For a reconciliation to GAAP, please refer to the Summary of Consolidated Operating Results and Reconciliation of EBITDA, Adjusted EBITDA, Adjusted Net Earnings and Free Cash Flow on page 14 of the Management Discussion & Analysis for the three month period ended March 31, 2014.

### ***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 Summary of Consolidated Operating Results and Reconciliation of EBITDA, Adjusted EBITDA, Adjusted Net Earnings and Free Cash Flow on page 14 of the Management Discussion & Analysis for the three month period ended March 31, 2014.

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*.

#### **Free Cash Flow before Dividends paid per Share**

Free Cash Flow before Dividends Paid per Share is a measurement of cashflow generated from operations on a per share basis. It is calculated as follows, Free Cash Flow before dividends paid less preferred dividends paid over the weighted average number of common shares outstanding

Please refer to the Summary of Consolidated Operating Results and Reconciliation of EBITDA, Adjusted EBITDA, Adjusted Net Earnings and Free Cash Flow on page 14 of the Management Discussion & Analysis for the three month period ended March 31, 2014.

#### **Statement on Guidance Assumptions**

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 May 13, 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.

#### **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 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 May 13, 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.

## **About Aimia**

Aimia Inc. ("Aimia") 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, Italy's largest coalition loyalty program and Smart Button, a leading provider of SaaS loyalty solutions. In addition, Aimia owns stakes in Air Miles Middle East, Travel Club, Spain's leading coalition loyalty program, Club Premier, Mexico's leading coalition loyalty program, China Rewards, the first coalition loyalty program in China that enables members to earn and redeem a common currency, Think Big, the owner and operator of BIG - AirAsia and Tune Group's loyalty program, Brazil's Prisma Fidelidade 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. Aimia is listed on the Toronto Stock Exchange (TSX: AIM). For more information, visit us at [www.aimia.com](http://www.aimia.com).

## **SOURCE AIMIA**

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<https://aimia.mediaroom.com/2014-05-13-Aimia-Reports-First-Quarter-Results,1>