Aimia Inc.

Aimia reports third quarter 2014 results

HIGHLIGHTS[1]	Three Months Ended September 30,				Nine Months Ended September 30,			
(in millions of Canadian dollars, except per share amounts)	2014	2013	YoY % Change	YoY % Constant Currency	2014	2013	YoY % Change	YoY % Constant Currency
Gross Billings (5)	**633.2**	576.7	**9.8%**	5.8%	**1,998.5**	1,708.4	**17.0%**	12.1%
Total Revenue(2)	**543.4**	499.7	**8.7%**	4.9%	**1,707.7**	985.9	**73.2%**	66.2%
Net Earnings (Loss) (2)(3)	**(24.1)**	2.5	**	**	**(59.2)**	(367.0)	**	**
Loss per Common Share (2)(3)	**(0.17)**	0.00	**	**	**(0.44)**	(2.21)	**	**
Adjusted EBITDA (3)(5)	**63.9**	85.7	**-25.4%**	**	**254.2**	269.2	**-5.6%**	**
Adjusted Net Earnings per Common Share (3)(5)	**0.18**	0.28	**-35.7%**	**	**0.83**	1.08	**-23.1%**	**
Free Cash Flow before Dividends Paid (4)(5)(6)	**56.3**	68.5	**-17.8%**	**	**269.9**	147.7	**82.7%**	**

** Information not meaningful

Please refer to "Notes to Financial Tables" at the end of this release for details on notations (1) through (11)

MONTREAL, Nov. 12, 2014 /CNW Telbec/ - (TSX: AIM) Aimia today reported its financial results for the quarter ended September 30, 2014. All financial information is in Canadian dollars unless otherwise noted.

Highlights:

- Gross Billings were up 9.8% in the quarter, boosted by the Canada Gross Billings increase of 14.8%, which reflected continued momentum in the refreshed Aeroplan Program and a favourable currency impact.
- Free Cash Flow before Dividends Paid generated $56 million in the quarter and year to date is $270 million year to date.
- 2014 full year Guidance is confirmed.
- Visa and MasterCard announced a reduction in the average interchange rates by April 2015, which provides some clarity, but the full impact to Aimia will be tied to the implementation details.

Rupert Duchesne, Group Chief Executive said:

"Continued momentum from financial card partners and the success of the Aeroplan program drove Aimia's strong performance in the quarter. Underlying momentum in EMEA slowed as a result of timing of bonus activity and the impact of the competitive grocery sector in the UK on our main grocery partner. Across the business we continued to build momentum in data analytics with increased customer engagement in all regions and we're making steady progress to expand our business in Asia Pacific working with new and existing customers on coalition, proprietary and data analytics opportunities."

"Looking forward, the recent announcement of a reduction in average interchange rates in Canada provides some clarity on this topic which has been a significant source of uncertainty regarding our future performance. We are very pleased there is now some direction and will work closely with our financial partners to develop an optimal solution with the focus on ensuring the market-leading value proposition for Aeroplan members is preserved."

Consolidated Financial Highlights

Consolidated Highlights[1]	Three Months Ended September 30,	Nine Months Ended September 30,	Three Months Ended September 30,	Nine Months Ended September 30,

(in millions of Canadian dollars)	2014	2013	2014	2013	YoY % Change	YoY % Constant Currency	YoY % Change	YoY % Constant Currency
Gross Billings(5)	**633.2**	**576.7**	**1,998.5**	**1,708.4**	**9.8%**	**5.8%**	**17.0%**	**12.1%**
Of which: Gross Billings from Sale of Loyalty Units(5)	*472.4*	*419.1*	*1,512.2*	*1,246.7*	*12.7%*	*8.9%*	21.3%	16.3%
Of which: Proprietary Loyalty and Other	*160.8*	*157.6*	*486.3*	*461.7*	*2.0%*	*-2.3%*	5.3%	0.7%
Adjusted EBITDA(5)	**63.9**	**85.7**	**254.2**	**269.2**	**-25.4%**	**	**-5.6%**	**
Of which: Distributions from equity-accounted investments	*3.8*	*3.5*	*11.2*	*10.4*	*8.6%*	**	7.7%	**
Of which: Impact of VAT	-	-	-	*24.0*	**	**	**	**
Free Cash Flow before Dividends Paid(4)(5)(6)	**56.3**	**68.5**	**269.9**	**147.7**	**-17.8%**	**	**82.7%**	**
Of which: Cash flow from Operations (4)(5)(6)	*68.1*	*80.7*	*321.4*	*180.2*	*-15.6%*	**	78.4%	**
Of which: Capital Expenditures	*(11.8)*	*(12.2)*	*(51.5)*	*(32.5)*	*-3.3%*	**	58.5%	**

** Information not meaningful

Please refer to "Notes to Financial Tables" at the end of this release for details on notations (1) through (11)

Three Months Ended September 30, 2014:

- Gross Billings were up 9.8% due to a strong performance in the Canada region and a favourable currency impact. On a constant currency basis, Gross Billings were up 5.8%.
- Gross Billings from the Sale of Loyalty Units were up 12.7%, while Proprietary Loyalty and Other Gross Billings were up 2.0%.
- Adjusted EBITDA was down to $63.9 million from $85.7 million last year, mainly driven by higher cost of rewards in the Aeroplan Program, lower Gross Billings in EMEA coalition programs, and higher operating expenses offset in part by higher Gross Billings in Canada.
- Free Cash Flow before Dividends Paid was $56.3 million with lower cash flow from operations due to higher cost of rewards, a $20.7 million deposit made to Revenue Quebec related to a 2008 tax assessment and higher operating expenses, offset in part by increased Gross Billings, lower capital expenditures and changes in net operating assets.

Nine Months Ended September 30, 2014:

- Gross Billings were up 17.0% or 12.1% on a constant currency basis and included the $100.0 million benefit from the TD contribution received in the first quarter, a strong performance from the Canada region and a favourable foreign exchange impact. Excluding the $100.0 million benefit from the TD contribution, Gross Billings were up 11.1%.
- The first nine months of 2014 saw increases in Gross Billings both from the Sale of Loyalty Units and Proprietary Loyalty and Other, up 21.3% and 5.3%, respectively.
- Adjusted EBITDA was $254.2 million compared to $269.2 million last year and included the $100.0 million contribution received from TD and higher Gross Billings, partly offset by higher cost of rewards and promotional activities related to the transformation of the Aeroplan Program. Also, the prior year included $24.0 million of VAT benefit recorded in the second quarter of 2013.
- Free Cash Flow before Dividends Paid was $269.9 million, with higher capital expenditures more than offset by higher cash flow from operations, which included $100.0 million of cash proceeds from the TD contribution received in the first quarter, $105.9 million of Canada

tax refunds offset by a $20.7 million deposit made to Revenue Quebec.

2014 Guidance*

For the year ending December 31, 2014, Aimia is maintaining its guidance (last updated on August 13, 2014).

Aimia currently expects to report the following:

	2013	Guidance (Updated on Aug 13, 2014)**	2014 Target (as updated on Nov 12, 2014)
Gross Billings	$2,366.4 million	Between 7% and 9% growth (constant currency)(5)	No Change
Adjusted EBITDA(1)	$350.5 million(7)	Adjusted EBITDA margin of approximately 12%(5)	No Change
Free Cash Flow before Dividends Paid(1)	$268.1 million(8)	In excess of $270 million(5)(9)	No Change
Capital Expenditures	$54.4 million	To approximate $70 to $80 million	No Change

Please refer to "Notes to Financial Tables" at the end of this release for details on notations (1) through (11).
*Please refer to "Statement on Guidance Assumptions" at the end of this release for details on assumptions made in preparing the 2014 guidance.
**Change to original guidance provided on February 26, 2014 which had expected Free Cash Flow in a range of $230 to $250 million.

Regional Financial Highlights

Regional Highlights(1) (in millions of Canadian dollars)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	Three Months Ended September 30, YoY % Change	Three Months Ended September 30, YoY % Constant Currency	Nine Months Ended September 30, YoY % Change	Nine Months Ended September 30, YoY % Constant Currency
Consolidated Gross Billings(5)(10)	**633.2**	**576.7**	**1,998.5**	**1,708.4**	**9.8%**	**5.8%**	**17.0%**	**12.1%**
Of which: Canada(5)	368.5	321.0	1,166.4	953.0	14.8%	14.8%	22.4%	22.4%
Of which: EMEA	183.1	169.1	567.9	504.1	8.3%	-2.7%	12.7%	-1.2%
Of which: US & APAC	82.0	86.6	264.9	251.7	-5.3%	-10.4%	5.2%	0.0%
Consolidated Revenue(2)(10)	**543.4**	**499.7**	**1,707.7**	**985.9**	**8.7%**	**4.9%**	**73.2%**	**66.2%**
Of which: Canada(2)	313.5	287.6	977.9	324.5	9.0%	9.0%	**	**
Of which: EMEA	147.2	127.1	461.9	408.3	15.8%	4.2%	13.1%	-0.6%
Of which: US								

& APAC	83.1	85.0	268.6	253.5	-2.2%	-7.4%	6.0%	0.6%

(in millions of Canadian dollars)	**2014**	**2013**	**2014**	**2013**	**2014 Margin**	**2013 Margin**	**2014 Margin**	**2013 Margin**
Consolidated Adjusted EBITDA(5)	**63.9**	**85.7**	**254.2**	**269.2**	**10.1%**	**14.9%**	**12.7%**	**15.8%**
Of which: Canada(5)	73.6	87.9	273.3	253.4	20.0%	27.4%	23.4%	26.6%
Of which: EMEA	11.1	20.2	45.5	80.6	6.1%	11.9%	8.0%	16.0%
Of which: VAT	-	-	-	24.0	-	-	-	4.8%
Of which: US & APAC	(4.2)	(2.4)	(10.2)	(12.3)	-5.1%	-2.8%	-3.9%	-4.9%
Of which: Corporate	(16.6)	(20.0)	(54.4)	(52.5)	**	**	**	**

** Information not meaningful

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Canada - Aeroplan transformation maintains Gross Billings momentum

- Gross Billings were up 14.8% in the quarter due to strong growth in Gross Billings from Loyalty Units, driven by higher card acquisitions, partner program conversions, including a $19.4 million promotion by the Aeroplan's main financial partner on the conveyed credit card portfolio, a moderate increase in the selling price for loyalty units due to the new financial card agreements and increases in the travel sector. Other Gross Billings were relatively flat compared to the same period last year.
- Adjusted EBITDA was $73.6 million in the quarter compared to $87.9 million last year. The decrease reflected higher cost of rewards which were partially offset by higher Gross Billings, reduced marketing and promotional expenses, and lower professional fees compared to last year.
- Revenue increased 9.0% to $313.5 million in the quarter compared to the same period last year mainly due to the increase in revenue from increased redemption volumes.
- On a year to date basis Gross Billings increased 22.4% to $1,166.4 million and included the $100.0 million upfront contribution received from TD in the first quarter, strong momentum at Aeroplan in the financial sector including a $19.4 million promotion offered by the program's main financial partner on the conveyed credit card porfolio, and increases in travel and retail, offset in part by lower client activity in Proprietary Loyalty and lower other Gross Billings. Excluding the $100.0 million upfront TD contribution, Gross Billings were up 11.9%.
- Adjusted EBITDA on a year to date basis increased 7.9% to $273.3 million reflecting the benefit of the $100.0 million TD contribution, as well as an increase in Gross Billings offset in part by higher cost of rewards, the $33.3 million increase in Future Redemption Costs as a result of higher promotional miles issued with new financial cards acquired and increased marketing and promotional expenses.
- Revenues were $977.9 million on a year to date basis compared to $324.5 million in the same period last year. The increase primarily reflects the $617.0 million unfavourable impact of the change in Breakage estimate which occurred in the second quarter of 2013, and increased redemption volumes in the Aeroplan program.

Europe, Middle East & Africa (EMEA) - Favourable currency impact lifts Gross Billings

- Gross Billings were up 8.3% to $183.1 million in the third quarter due to a favourable currency impact, growth in analytics and insights, and in Proprietary Loyalty services. On a constant currency basis, Gross Billings were down 2.7% with lower Gross billings in the coalition programs, primarily as a result of the timing of bonus activity in Nectar UK, challenges in Italy and accumulation changes in the Middle East.
- Adjusted EBITDA declined to $11.1 million in the quarter from $20.2 million last year due to lower Gross Billings from coalition programs, increased operating expenses related to global product development costs and a one-time adjustment to pension expense.
- Revenue was up 15.8% to $147.2 million in the quarter, primarily due to a favourable currency impact growth in analytics and insight services, as well as Proprietary Loyalty services.

- On a year to date basis, Gross Billings were up 12.7% to $567.9 million primarily due to a favourable currency impact. On a constant currency basis, Gross Billings were down 1.2%, with lower Gross Billings from Loyalty Units in Air Miles Middle East and Nectar Italia, partially offset by an increase in Gross Billings from Loyalty Units in the Nectar UK Program.
- Adjusted EBITDA for the year to date period was $45.5 million compared to $80.6 million last year. The decrease was primarily due to the $24.0 million favourable impact resulting from the final judgement of the VAT litigation in the second quarter of 2013, lower Gross Billings in Air Miles Middle East and Nectar Italia, and increased operating expenses related mostly to global product development costs and a one-time adjustment to pension expense.
- Revenue for the year to date period increased 13.1% to $461.9 million due to favourable currency impact, growth in analytics and insights, increased redemptions in the Nectar UK program and increased client activity in Proprietary Loyalty services, offset in part by lower redemptions at both Air Miles Middle East and Nectar Italia and reduced funding at Air Miles Middle East.

US & Asia Pacific - Gross Billings fall due to lower fulfillment volumes in the US

- Gross Billings declined 5.3% to $82.0 million in the quarter and were down 10.4% on a constant currency basis primarily as a result of lower reward fulfillment volume in the US region.
- Adjusted EBITDA declined $1.8 million in the quarter to $(4.2) million primarily due to lower Gross Billings and increased operating expenses compared to the same period last year.
- Revenue in the third quarter decreased by 2.2% to $83.1 million due to lower reward fulfillment volume in the US region.
- On a year to date basis, Gross Billings increased 5.2% to $264.9 million largely due to a favourable currency impact. On a constant currency basis, Gross Billings were flat for the nine month period ending September 30, 2014 with increases from new and existing clients being offset by lower reward fulfillment volume in the US.
- Adjusted EBITDA improved by $2.1 million to $(10.2) million for the nine month period ending September 30, 2014, with increased gross margin partially offset by increased operating expenses.
- Revenues were up 6.0% year to date to $268.6 million primarily due to the favourable impact of currency and a net increase in new business partially being offset by lower reward fulfillment volume in the US.

Corporate

- Corporate Adjusted EBITDA improved $3.4 million in the quarter to $(16.6) million compared to the same period last year due to lower share-based compensation expense and reduced consulting and professional fees offset in part by higher costs to support growth in global businesses.
- On a year to date basis, Corporate Adjusted EBITDA was $(54.4) million compared to $(52.5) million in the comparable period last year with the variance being explained by higher costs to support growth in the global businesses partially offset by a decrease in consulting and professional fees and share-based compensation expense.

Operational Highlights

Operational Highlights(1)	**Three Months Ended September 30,**		**Nine Months Ended September 30,**		**Three Months Ended September 30,**	**Nine Months Ended September 30,**
(in millions of Canadian dollars)	**2014**	**2013**	**2014**	**2013**	**YoY % Change**	**YoY % Change**
Consolidated Gross Billings from the sale of Loyalty Units (75% of total Gross Billings*)(5)	**472.4**	**419.1**	**1,512.2**	**1,246.7**	**12.7%**	**21.3%**
Of which: Canada (67% of Loyalty Units)(5)*	*316.4*	*269.3*	*1,017.6*	*796.4*	*17.5%*	*27.8%*
Of which: EMEA (33% of Loyalty Units)*	*156.0*	*149.8*	*494.6*	*450.3*	*4.1%*	*9.8%*
Consolidated Revenue from Loyalty Units(2)	**382.4**	**343.7**	**1,211.7**	**522.3**	**11.3%**	**
Aeroplan Miles Revenue	*233.9*	*210.1*	*733.8*	*699.5*	*11.3%*	*4.9%*
Aeroplan Breakage Revenue(2)	*28.6*	*25.7*	*89.8*	(531.4)	*11.3%*	**
Of which: Canada(2)	*262.5*	*235.8*	*823.6*	*168.1*	*11.3%*	**

Of which: EMEA	*119.9*	*107.9*	*388.1*	*354.2*	*11.1%*	*9.6%*
Consolidated Change in Deferred Revenues(2)(5)	**89.8**	**77.0**	**290.8**	**722.5**	**16.6%**	**-59.8%**
Of which: Canada(2)(5)	*55.0*	*33.4*	*188.5*	*628.5*	*64.7%*	*-70.0%*
Of which: EMEA	*35.9*	*42.0*	*106.0*	*95.8*	*-14.5%*	*10.6%*

* The percentage of Gross Billings relates to Q3 2014

** Information not meaningful

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Canada Gross Billings and Revenue from the sale of Loyalty Units

Canada Gross Billings from Loyalty Units represented 50% of total Consolidated Gross Billings and 67% of Consolidated Gross Billings from Loyalty Units in the quarter.

In the quarter, the 17.5% increase in Gross Billings from Loyalty Units was mainly attributable to higher card acquisitions, partner program conversions in the financial sector, including a $19.4 million promotion by the program's main financial partner on the conveyed credit card portfolio, as well as a moderate increase in the selling price per loyalty unit due to the new financial card agreements, and increased performance in the travel sector. These factors excluding the price increase, along with the promotional mileage awarded on new financial cards acquired drove a 14.8% increase in Aeroplan Miles issued.

Gross Billings from the financial sector were up 25.2% in the quarter, as a result of the reasons noted above.

- Following an exceptional period of growth in Aeroplan active members in the first half of the year, total active co-branded credit cards is holding steady. The focus has shifted to engaging the new card base to spend. Net new cards acquired taking the AMEX member base up by over 52% compared to the same period last year; and
- Moderate increase in selling price of a loyalty unit due to the new financial card agreements.

On a year to date basis, the 27.8% increase in Gross Billings from Loyalty Units included the $100.0 million TD contribution received in the first quarter of 2014, a 21.3% increase in the financial sector resulting from higher card acquisitions, partner program conversions, and a $19.4 million promotion with the main financial partner, and increased performance in the travel and retail sectors.

Canada Revenue from Loyalty Units increased 11.3% to $262.5 million in the quarter due to higher redemption volumes. Rewards issued in the quarter were up 17.2% with air rewards up 24.0%, driven mainly by an increase in air redemptions as a result of enhanced travel reward offerings under the Distinction program launched in January 2014. Miles redeemed were up 11.0% in the third quarter. On a year to date basis and excluding the impact resulting from the change in the Breakage estimate in the second quarter of 2013 totaling $617.0 million. Revenue from Loyalty Units increased $38.5 million to $206.6 million which was mainly due to higher redemption volumes.

EMEA Gross Billings and Revenue from the sale of Loyalty Units

EMEA Gross Billings from Loyalty Units represented 24.6% of total Consolidated Gross Billings and 33.0% of Gross Billings from Loyalty Units on a consolidated basis in the quarter. Nectar UK accounted for 83.7% of EMEA Gross Billings from Loyalty Units.

EMEA Gross Billings from Loyalty Units were up 4.1% in the quarter primarily reflecting a favourable currency benefit. On a constant currency basis, EMEA Gross Billings from Loyalty Units were down 6.6% compared to the same period last year mostly due to the timing of bonusing activity at Nectar UK, lower accumulation, including a reduction in offering to members related to a main Accumulation Partner product at Air Miles Middle East, and difficult economic conditions at Nectar Italia.

Nectar UK points issuances were down 3.4% in the quarter and Air Miles Middle East and Nectar Italia loyalty units issuances were down 7.4% and 4.8%, respectively.

On a year to date basis Gross Billings from Loyalty Units increased 9.8% to $494.6 million primarily due to a favourable currency impact. Excluding the currency impact, the operational decrease was mostly explained by lower funding provided by the program's main Accumulation Partner and a reduction in offering to members at Air Miles Middle East, difficult economic conditions at Nectar Italia offset in part by higher bonusing activity by the program's main Accumulation Partner at Nectar UK.

Revenue from Loyalty Units grew by 11.1% to $119.9 million in the third quarter primarily due to a favourable currency impact. Nectar UK and Middle East redemptions increased by 1.9% and 2.0%, respectively, which was offset by lower Nectar Italia redemptions, down 8.7% due to lower promotional activity and difficult economic conditions.

On a year to date basis, Revenue from Loyalty Units increased by 9.6% to $388.1 million due to a favourable currency impact and increases in Nectar UK redemptions, offset in part by lower redemption activity at Air Miles Middle East and Nectar Italia, and additional funding provided by the Air Miles Middle East program's main Accumulation Partner to support enhanced member engagement in the same period of 2013. Compared to the same nine month period in the prior year, redemption activity in the Nectar Program increased by 6.4% while redemption activities were down by 12.4% and 38.7% at Nectar Italia and Air Miles Middle East, respectively.

Cost of Rewards and Direct Costs

Cost of Rewards and Direct Costs	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions of Canadian dollars)	2014	2013	2014	2013	YoY % Change	YoY % Constant Currency	YoY % Change	YoY % Constant Currency
Consolidated cost of rewards and direct costs	**353.2**	**290.4**	**1,112.2**	**874.4**	**21.6%**	**17.2%**	**27.2%**	**21.9%**
Of which: Canada	*210.2*	*157.6*	*653.9*	*533.4*	*33.4%*	*33.4%*	22.6%	22.6%
Of which: EMEA	*98.5*	*84.9*	*314.0*	*273.4*	*16.0%*	*4.0%*	14.9%	0.6%
Of which: Impact of VAT	-	-	-	*(72.8)*	**	**	**	**
Of which: US & APAC	*44.5*	*47.9*	*144.3*	*140.4*	*-7.1%*	*-12.5%*	2.8%	-2.2%

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In the quarter, cost of rewards and direct costs represented 65.0% of revenue (65.1% year to date), resulting in a gross margin before depreciation and amortization of 35.0% (34.9% year to date).

Cost of rewards and direct costs were up 21.6% to $353.2 million in the quarter primarily due to higher cost of rewards and increased redemptions in Canada, an unfavourable currency impact, offset in part by lower direct costs in the US & APAC region.

Canada contributed $52.6 million of the increase, up 33.4% in the third quarter compared to the same period last year. The elevated cost of rewards in Canada was the result of a higher redemption cost per Aeroplan Mile up $35.9 million due to the enhanced travel reward offerings under the newly launched Distinction program and higher volume of redemptions representing $15.3 million.

In EMEA, cost of rewards and direct costs increased by $13.6 million in the quarter mostly due to unfavourable currency impact. In addition, the increase is explained by higher redemption activity at Nectar UK, growth in activity in analytics and insights services and Proprietary Loyalty, which was partially offset by a decrease in redemption activity at Nectar Italia.

On a year to date basis, cost of rewards increased in all regions, with the main drivers being higher redemption cost per Aeroplan Mile and redemption volume at Aeroplan driving the increase in Canada, the prior year VAT impact and currency impact lifting EMEA and US & APAC cost of rewards and direct costs.

Free Cash Flow

Free Cash Flow[1] (in millions of Canadian dollars)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	Three Months Ended September 30, YoY % Change	Nine Months Ended September 30, YoY % Change
Cash flow from Operations[4][5][6]	68.1	80.7	321.4	180.2	-15.6%	78.4%
Capex	(11.8)	(12.2)	(51.5)	(32.5)	-3.3%	58.5%
Free Cash Flow before Dividends Paid[4][5][6]	**56.3**	**68.5**	**269.9**	**147.7**	**-17.8%**	**82.7%**
Free Cash Flow before Dividends Paid per common share[4][5][6][11]	0.29	0.38	1.47	0.81	-23.7%	81.5%
Dividends Paid (Common and Preferred)	(36.4)	(32.2)	(107.1)	(94.7)	13.0%	13.1%
Free Cash Flow[4][5][6]	**19.9**	**36.3**	**162.8**	**53.0**	**-45.2%**	**

** Information not meaningful

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Free Cash Flow before Dividends Paid was $56.3 million, or $0.29 per common share in the third quarter of 2014. On a year to date basis Free Cash Flow before Dividends Paid was $269.9 million or $1.47 per common share.

The $12.2 million decrease in the quarter compared to last year was largely attributable to a decrease in Cash Flow from Operations resulting from higher cost of rewards and direct costs, the $20.7 million deposit made to Revenue Quebec, and higher operating expenses partially offset by increased Gross Billings, lower capital expenditures and changes to the net operating assets.

On a year to date basis, Free Cash Flow before Dividends Paid increased by $122.2 million to $269.9 million. The increase was mainly due to increased Cash Flow from Operations which includes the $100.0 million TD contribution, an income tax refund of $83.4 million and the receipt of $22.5 million harmonized sales tax related to the CIBC Payment. This was offset in part by higher cost of rewards and direct costs, higher operating expenses, the $20.7 million deposit made to Revenue Quebec and increased capital expenditures.

Capital expenditures of $11.8 million in the quarter and $51.5 million year to date 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 2014.

Dividends paid in the quarter were $36.4 million ($107.1 million year to date), of which $31.3 million were related to quarterly dividends paid to common shareholders ($92.1 million year to date).

Dividend and Share Information

Date of Dividend Declaration	Amount of Dividend Per Common Share	Amount of Dividend Per Series 1 Preferred Share	Amount of Dividend Per Series 3 Preferred Share
27-Feb-2013	$0.160	$0.406250	-
13-May-2013	$0.170	$0.406250	-
12-Aug-2013	$0.170	$0.406250	-
13-Nov-2013	$0.170	$0.406250	-
26-Feb-2014	$0.170	$0.406250	$0.321100
13-May-2014	$0.180	$0.406250	$0.390625
13-Aug-2014	$0.180	$0.406250	$0.390625
12-Nov-2014	$0.180	$0.406250	$0.390625

Common Shares

The Board of Directors has declared a quarterly dividend of $0.18 per common share, payable on December 31, 2014 to shareholders of record at the close of business on December 17, 2014.

At September 30, 2014, the number of common shares outstanding was 174,026,383. The weighted average number of basic and diluted common shares for the three months ended September 30, 2014, was 173,992,899.

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 December 31, 2014 to the holders of record at the close of business on December 17, 2014.

At September 30, 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.

Distributions and Investments

Distributions

A $3.8 million distribution from PLM was received in the third quarter of 2014, compared to a distribution of $3.5 million received in the third quarter of 2013.

Investments

Current investments include:

Investments

Name	**Country**	**% Aimia holds**
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%
Fractal Analytics	India	nd

nd: Not disclosed

Balance Sheet and Financial Position

Aimia's commitments under its long term debt facilities (including interest) totaled $788.1 million at the end of September 2014, with $7.2 million coming due in the balance of 2014.

Long-Term Debt Contractual Obligations (in millions of Canadian Dollars)

	Total	**2014**	**2015**	**2016**	**2017**	**2018**	**Thereafter**
Long-Term Debt	650.0	-	-	-	200.0	200.0	250.0
Interest	138.1	7.2	37.4	37.4	30.5	18.6	7.0
Total Long-Term Debt and Interest	**788.1**	**7.2**	**37.4**	**37.4**	**230.5**	**218.6**	**257.0**

At September 30, 2014, Aimia had Senior Secured Notes outstanding in the amount of $650.0 million maturing at various dates through May 17, 2019. The Senior Secured Notes Series 2 of $150.0 million matured on September 2, 2014 and were repaid with cash on hand.

Aimia also had an authorized revolving credit facility of $300.0 million, maturing on April 23, 2018, and irrevocable letters of credit in the aggregate amount of $51.2 million which reduces the available credit under this facility. The continued availability of the credit facility 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 September 30, 2014, Aimia complied with all such covenants.

At September 30, 2014, Aimia had net debt of $(299.7) million, consisting of long-term debt of $650.0 million less $615.2 million of cash and $334.5 million in long-term investments in bonds, short term investments and restricted cash.

Available cash, which includes cash and cash equivalents, short term investments and long-term investments in bonds, totaled $436.0 million, after accounting for $487.9 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 third quarter 2014 financial results at 8:00 a.m. ET on Thursday, November 13, 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/1281433/1413777

A slide presentation intended for simultaneous viewing with the conference call will be available the evening of November 12, 2014, at: http://aimia.com/en/investors/presentations.html and an archived audio webcast will be available at: http://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

Explanatory Notes to Financial Tables

1. Non-GAAP measures (Adjusted EBITDA, Adjusted Net Earnings per common share and Free Cash Flow before Dividends Paid) and constant currency are explained in the section entitled "Currency Sensitivity and Constant Currency" "Use of Non-GAAP Financial Information". Discrepancies in variances may arise due to rounding.
2. Total Revenue for the nine months ended September 30, 2013 includes the non-comparable impact of the change in Breakage estimate in the Aeroplan Program which resulted in a reduction to revenue from Loyalty Units of $617.0 million. Net Loss and Loss per Common Share for the nine months ended September 30, 2013 also include the non-comparable impact of the change in Breakage estimate of $449.5 million, net of income tax recovery of $167.5 million.
3. Adjusted EBITDA, Net Loss and Adjusted Net Earnings for the nine months ended September 30, 2013 includes the favourable impact resulting from the final judgment of the VAT litigation of $24.0 million, $40.2 million and $40.2 million, respectively. Refer to the Management Discussion and Analysis for the three and nine months ended September 30, 2014 for additional information.
4. Includes an amount of $83.4 million received during the nine months ended September 30, 2014 from the Canadian Revenue Agency related to the income tax refund of loss carry back applied in Canada.
5. Gross Billings and Adjusted EBITDA include the $100.0 million contribution received from TD during the nine months ended September 30, 2014. Adjusted Net Earnings per Common Share includes the contribution received from TD during the nine months ended September 30, 2014 of $73.4 million, net of an income tax expense of $26.6 million.
6. Includes a $22.5 million harmonized sales tax credit received during the nine months ended September 30, 2014.
7. Represents reported figures excluding the $150.0 million payment to CIBC and $50.0 million card migration provision.
8. Represents reported figures excluding the $150.0 million payment to CIBC and $22.5 million of related harmonized sales tax.
9. 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.
10. The variance between the consolidated total and regional sub-totals is due to intercompany eliminations.
11. Calculated as: (Free Cash Flow before Dividends Paid less preferred dividends paid) / weighted average number of 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 and nine months ended September 30, 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 for the three and nine months ended September 30, 2014.

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 and nine months ended September 30, 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 and nine months ended September 30, 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 Common Share

Free Cash Flow before Dividends Paid per Common Share is a measurement of cash flow 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 and nine months ended September 30, 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 November 12, 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 November 12, 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 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 Prismah 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 and Fractal Analytics, a provider of advanced analytics. Aimia is listed on the Toronto Stock Exchange (TSX: AIM). For more information, visit us at www.aimia.com.

SOURCE AIMIA

For further information:

Analysts and Investors
Angela McMonagle
647-428-5280
angela.mcmonagle@aimia.com

Media
Krista Pawley
416-737-8413
krista.pawley@aimia.com
