Aimia Inc.

Aimia reports first quarter 2015 results

MONTREAL, May 15, 2015 /CNW Telbec/ - Data-driven marketing and loyalty analytics company Aimia Inc. (TSX: AIM) today reported its financial results for the quarter ended March 31, 2015. All financial information is in Canadian dollars unless otherwise noted.

Highlights:

- Strong performance and continuing successful execution against global strategy, with investments in Aeroplan and other programs advancing long-term growth.
  - Adjusted EBITDA rises 59%*
  - Free cash flow before dividends rises $45 million*
- Fifth consecutive increase in annual dividend, up 6% to 76 cents, demonstrating sustainable underlying business performance, and making Aimia dividend yield second-highest in the consumer discretionary sector of TSX.
- Outstanding track record of return of capital to shareholders through share buybacks, totalling about $500 million since 2008, including $146 million since November.
- NCIB renewed through May 2016, providing option to repurchase another 10% of shares outstanding.
- Company-wide focus on operating efficiency, with new 10-year agreement with HP as first major step of this initiative.

*Q1 2015 compared to Q1 2014, excluding $100 million contribution from TD in the first quarter of 2014

HIGHLIGHTS (1)	**Three Months Ended March 31,**				
(in millions of Canadian dollars, except per share amounts)	**2015**	**2014**	**YoY % Change**	**YoY % Constant Currency (C.C.)**	**YoY % C.C. Adjusted** (5)
Gross Billings(2)	**595.2**	717.2	(17.0)	(18.5)	(5.3)
Total Revenue	**660.1**	608.9	8.4	7.3	7.3
Net Earnings (Loss)	**23.4**	(16.3)	**	**	**
Earnings (Loss) per Common Share	**0.10**	(0.13)	**	**	**
Adjusted EBITDA (2)	**52.1**	132.6	(60.7)	(60.9)	58.9
Adjusted Net Earnings per Common Share (2)	**0.15**	0.48	(68.8)	**	**
Free Cash Flow before Dividends Paid (2)(3)(4)	**5.2**	60.5	(91.4)	**	**

** Information not meaningful

1. Non-GAAP financial 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 "Non-GAAP Financial Measures". Discrepancies in variances may arise due to rounding.
2. Gross Billings, Adjusted EBITDA and Free Cash Flow before Dividends Paid for the three months ended March 31, 2014 include the $100.0 million contribution received from TD. Adjusted Net Earnings per Common Share for the three months ended March 31, 2014 includes the contribution

received from TD of $73.4 million, net of an income tax expense of $26.6 million.

3. Free Cash Flow before Dividends Paid for three months ended March 31, 2015 includes an amount of $20.4 million received from Revenue Quebec related to the income tax refund of loss carry back applied in Canada.
4. Free Cash Flow before Dividends Paid for three months ended March 31, 2014 includes the receipt of $22.5 million in harmonized sales tax credit.
5. Year-over-year variances excluding the impact of the $100.0 million contribution received from TD in the first quarter of 2014 described under footnote 2.

"We've had a good start to the year, with margin improvement, and continue to be very encouraged by the signs that our Aeroplan transformation will deliver the long-term member engagement and financial success we expect," said Rupert Duchesne, Aimia Group Chief Executive. "An increased margin, growth in the financial card base, increased card spend among new cardholders, and growth in rewards issued, all tell us that members are engaging more deeply with the Aeroplan offering. Combined with the resilience we're seeing in the Nectar program, despite the deflationary grocery sector, and the continued momentum in our data insights and loyalty analytics business, we are pleased with our start to the year."

"Our success has allowed us to increase our dividend for the fifth consecutive year. And as part of our capital allocation strategy we have been aggressively repurchasing shares under our NCIB over the last six months, and with its renewal today, we intend to continue this trend, subject to market conditions," Duchesne added.

David Adams, EVP & Chief Financial Officer of Aimia since 2007, has decided to retire by the end of 2015. He remains fully engaged in his duties and will support the company through a smooth transition. Aimia is starting an external search process and aims to announce the successful candidate in the fall.

"David has left an indelible mark on this company, and will long be remembered for the discipline he exemplified," Duchesne said. "David joined our company just as we embarked on our global expansion, and brought his already considerable experience into action immediately with our acquisition of Loyalty Management Group and through the subsequent years as we pursued our strategic vision. His legacy will be the strength of Aimia's balance sheet and our financial stability, to which we owe much of our success to date."

Consolidated Financial Highlights

Three Months Ended March 31, 2015 compared to three months ended March 31, 2014:

- Gross Billings were $595.2 million in the first quarter compared to $717.2 million last year. The decrease is primarily due to the $100.0 million contribution by TD in the prior period to help fund the Aeroplan program enhancements. Also contributing to the decrease were lower Gross Billings from proprietary loyalty services due to lower rewards fulfillment activity, partially impacted by a new contract leading to a change in accounting treatment, and lower Gross Billings at Nectar Italia due to the expected loss of the anchor grocery partner on March 1, 2015.
- Adjusted EBITDA was $52.1 million compared to $132.6 million last year. Excluding the $100.0 million contribution by TD in the prior period, Adjusted EBITDA increased 58.9% on a constant currency basis mainly due to the favourable variance on the change in future redemption costs, driven by heavier promotional activity on new financial cards acquired in the prior year in the Aeroplan Program, and lower operating expenses which were offset in part by an increased cost per Aeroplan mile.
- Free Cash Flow before Dividends Paid was $5.2 million in the first quarter compared with $60.5 million last year. Excluding the $100.0 million contribution by TD in the prior period, Free Cash Flow before Dividends Paid for the quarter increased $44.7 million driven by the receipt of $20.4 million in 2015 from Revenue Quebec for the tax refund on loss carry back applied for in Canada, lower operating expenses, lower cash interest paid and working capital improvements, due in part to a higher balance of unpaid redemptions in the Nectar Italia program. The improvements were partially offset by higher cost of

rewards and the receipt of $22.5 million in the first quarter of 2014 related to HST previously paid on the CIBC payment.

2015 Guidance

For the year ending December 31, 2015 guidance is unchanged from that issued onFebruary 27, 2015. Aimia expects to report the following:

(in millions of Canadian dollars)	2014 Reported	2014 Normalized(1)	2015 Guidance
Gross Billings	$2,686.6	$2,586.6	Between $2,560 and $2,610
Adjusted EBITDA and margin	$316.4 11.8%	$216.4 8.4%	Adjusted EBITDA margin of approximately 9%
Free Cash Flow before Dividends Paid	$287.0	$94.3	Between $220 and $240
Capital Expenditures	$81.5	$81.5	Between $70 to $80

See "Forward-Looking Statements" below regarding assumptions underlying the above guidance and risks relating thereto, including currency fluctuations and currency risk.

(1) Gross Billings and Adjusted EBITDA exclude the upfront $100 million TD contribution. Free Cash Flow before Dividends paid excludes the $100.0 million contribution from TD, tax proceeds of $90.9 million related to loss carry back and $22.5 million related to HST, offset by a $20.7 million deposit made to Revenue Quebec.

Segment Highlights for the First Quarter of 2015

Canada - Strong contribution by Air Canada and TD and fewer promotional miles drives increase in Adjusted EBITDA

- **Gross Billings** were $327.6 million in the quarter compared to $432.7 million in the same quarter last year. Excluding the $100.0 million upfront contribution by TD in the prior year, Gross Billings from Loyalty Units improved slightly driven by a strong contribution from Air Canada and improvement in the financial sector particularly due to growth from the primary financial card partner, offset by declines in the retail and other travel sectors. Other Gross Billings were down 11% due to the expected lost contract and lower rewards fulfillment activity.
- Aeroplan miles issued decreased 10.0% compared to the same period in the prior year. Excluding all promotional miles, Aeroplan miles issued were in line with the comparable period with promotional miles on new cards acquired in the prior year accounting for 7.9% of the decline.
- Aeroplan miles redeemed decreased 1.3% in the first quarter primarily as a result of changes in the rewards mix.
- **Adjusted EBITDA** was $55.7 million compared to $141.0 million in the same period last year. Excluding the $100.0 million upfront contribution by TD in the prior year, Adjusted EBITDA increased $14.7 million primarily due to the favourable variance on the change in future redemption costs as a result of higher promotional miles issued in the prior year on new financial cards acquired in the Aeroplan program.

EMEA – Increase in Adjusted EBITDA results from lower operating expenses and stable Gross Billings.

- **Gross Billings** were $185.1 million in the quarter compared to $187.0 million, a decrease of 1%, or 4% on a constant currency basis. The decrease was primarily due to lower Gross Billings from Loyalty Units partially offset by an increase in Other Gross Billings. Gross Billings from Loyalty units decreased 2.3% to $160.4 million or 5.1% in constant currency, primarily due to the expected loss of the anchor grocery partner at Nectar Italia on March 1, 2015. Improvements in accumulation at Air Miles Middle East were offset by the impact of lower yield on new contract terms implemented in 2014, resulting in an overall decrease in Gross Billings from the program. The Nectar UK program showed strong top-line contribution in the grocery sector, primarily due to higher bonus points, offset by a decrease in the energy sector due to the impact of regulatory restrictions.

- Nectar UK points issued increased 0.2% compared to the same period in the prior year. Redemption activity in the Nectar program rose by 7.6%, primarily as a result of an increase in the number of loyalty units in circulation and higher redemption activity in anticipation of the new accumulation terms which have been implemented in April.
- Air Miles Middle East points issued increased 4.5% over the prior year due to promotional activity by the main anchor partner. Points redeemed increased 11.3% due to an increase in member engagement.
- Nectar Italia points issued decreased 40.0% compared to the same period in the prior year, primarily due to the loss of the main anchor partner. Points redeemed increased significantly as result of the points expiry event on March 1, 2015.
- **Adjusted EBITDA** increased 17.7% to $17.3 million in the first quarter. On a constant currency basis, Adjusted EBITDA increased 12.9%, primarily as a result of lower operating expenses in the region.

US & APAC - *Gross Billings lower on reduced rewards fulfillment activity*

- **Gross Billings** of $82.7 million decreased 15.4%, or 21.0% on a constant currency basis, primarily as a result of lower reward Gross Billings, due in part to the fulfillment outsourcing of gift cards in the US that resulted in a net accounting treatment.
- **Adjusted EBITDA** was ($3.4) million compared to ($2.1) million last year, lower by $1.3 million, or $0.9 million on a constant currency basis, due to a decrease in Gross Billings which was partially offset by lower direct costs and lower operating expenses.

Corporate

- Adjusted EBITDA of ($17.5) million in the first quarter compared to ($21.0) million in the prior year. The variance is due to the phasing of expenses in 2014 which were weighted more heavily toward the first quarter. The decrease was partially offset by an increase in share-based compensation expense.
- Aimia released its 2014 Social Purpose Report that outlines its commitment and accomplishments as a strong corporate citizen, for which it has been recognized by Corporate Knights as one of the Future 40 Responsible Corporate Leaders and a recipient of a Guardian Sustainable Business Awards 2015 for Social Impact.
- On May 14, 2015, as part of a company-wide focus on operating efficiency, Aimia entered into a 10-year agreement to outsource core aspects of its information technology infrastructure, applications development and maintenance to HP. The contract will allow Aimia to scale its IT operational capabilities nimbly while retaining a robust and secure environment for the benefits of clients around the world.

Capital Spending

Capital spending of $20.5 million in the first quarter of 2015 was mainly related to information technology investments. Capital spending for the year 2015 is expected to be between $70 million and $80 million.

Dividends

Dividends paid in the first quarter were $35.7 million, of which $30.6 million related to quarterly dividends paid to common shareholders and the remainder to preferred shareholders.

On May 14, 2015, the Board of Directors of Aimia declared quarterly dividends of $0.19 per common share, an increase of 5.6%, $0.28125 per Series 1 Preferred Share, $0.2635625 per Series 2 Preferred Share and $0.390625 per Series 3 Preferred Share, in each case payable on June 30, 2015.

Share Repurchase

Under the Normal Course Issuer Bid in effect for the period from May 16, 2014 to May 15, 2015, in the three months ended March 31, 2015, Aimia repurchased 3,315,520 common shares for a total consideration of $44.4 million. Aimia has repurchased $146 million shares under the current NCIB over the past six months and approximately $500 million since 2008.

On May 14, 2015 Aimia received approval from the Toronto Stock Exchange for the renewal of its NCIB to purchase up to 16,346,860 of its issued and outstanding common shares during the period from May 20, 2015 to no later than May 19, 2016.

Quarterly Conference Call and Audio Webcast Information

Aimia will host a conference call to discuss its first quarter 2015 financial results at 9:00 a.m. EDT on Friday, May 15, 2015. 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://event.on24.com/r.htm?e=981404&s=1&k=E7913F52879C7695ED095524140B767A

A slide presentation intended for simultaneous viewing with the conference call will be available the morning of May 15, 2015 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

About Aimia

Aimia Inc. (TSX:AIM) is a data-driven marketing and loyalty analytics company. We provide our clients with the customer insights they need to make smarter business decisions and build relevant, rewarding and long-term one-to-one relationships, evolving the value exchange to the mutual benefit of both our clients and consumers.

With close to 4,000 employees in 20 countries, Aimia partners with groups of companies (coalitions) and individual companies to help generate, collect and analyze customer data and build actionable insights.

We do this through our own coalition loyalty programs such as Aeroplan in Canada and Nectar in the UK, and through provision of loyalty strategy, program development, implementation and management services underpinned by leading products and technology platforms such as the Aimia Loyalty Platform and Smart Button, and through our analytics and insights business, including Intelligent Shopper Solutions. In other markets, we own stakes in loyalty programs, such as Club Premier in Mexico, Air Miles Middle East and Think Big, a partnership with Air Asia and Tune Group. Our clients are diverse, and we have industry-leading expertise in the fast-moving consumer goods, retail, financial services, and travel and airline industries globally to deliver against their unique needs.

For a full list of our partnerships and investments, and more information about Aimia, visit www.aimia.com.

Non-GAAP Financial Measures

Aimia uses the following non-GAAP financial measures which it believes provides investors and analysts with additional information to better understand results as well as assess its potential. GAAP means generally accepted principles in Canada and represent International Financial Reporting Standards ("IFRS").

Adjusted EBITDA

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. 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.

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.

Free Cash Flow

Standardized free cash flow ("Free Cash Flow") is a non-GAAP measure which management believes provides 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.

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.

Reconciliation to GAAP

For a reconciliation to GAAP or to cash flows from operations, as applicable, please refer to the Management Discussion & Analysis for the three months ended March 31, 2015.

Constant Currency

Because exchange rates are an important factor in understanding period to period comparisons, management believes that 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*

Forward-Looking Statements

Forward-looking statements are included in this news release. These forward-looking statements are typically identified by the use of terms such as "outlook", "guidance", "target", "forecast", "assumption" and other similar expressions or future or conditional terms such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and "should". Such statements may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions.

The above guidance (including Gross Billings, Adjusted EBITDA and margin, Free Cash Flow before dividends paid and capital expenditures) constitutes forward-looking statements. Aimia made a number of economic and market assumptions in preparing its above guidance as well as assumptions regarding currencies and the performance of the economies in which the Corporation operates and market competition and tax laws applicable to the Corporation's operations. The Corporation also made certain assumptions with respect to the financial impact of the outcome of its on-going negotiations with each of TD and CIBC in relation to the Aeroplan financial card agreements as a result of changes to credit card interchange rates implemented as of April 30, 2015.The Corporation cautions that the assumptions used to prepare the above guidance, although reasonable at the time they were made, may prove to be incorrect or inaccurate. In addition, the above guidance does 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 15, 2015. 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.

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 Significant Accumulation Partners and clients, failure to safeguard databases, cyber security and consumer privacy, changes to the Aeroplan program, reliance on Redemption Partners, conflicts of interest, greater than expected redemptions for rewards, regulatory matters, retail market/economic conditions, industry competition, Air Canada liquidity issues or air 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 (including currency risk on our foreign operations which are denominated in a currency other than the Canadian dollar, mainly the pound sterling, and subject to fluctuations as a result of foreign exchange rate variations), leverage and restrictive covenants in current and future indebtedness, uncertainty of dividend payments, managing growth, credit ratings, audit by tax authorities, 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 ofMay 15, 2015 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.

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For further information: Analysts and Investors: Angela McMonagle, 647-428-5280, angela.mcmonagle@aimia.com; Media: Krista Pawley, 416-352-3794, krista.pawley@aimia.com

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