

Aimia Inc.

## Aimia Sells Nectar Business to Sainsbury's

MONTREAL, Feb. 1, 2018 /CNW Telbec/ - Data-driven marketing and loyalty analytics company Aimia Inc. (TSX: AIM) today announced it has sold its Nectar loyalty program and related assets (including the Nectar trademarks) to J Sainsbury plc for a gross consideration of approximately \$105 million<sup>(1)</sup> (£60 million).

Sainsbury's was a founding partner of the Nectar coalition in 2002. Today, the Sainsbury's group reaches across grocery, financial services, energy, clothing, and general merchandise. With that diversification, Sainsbury's now covers many of the key categories for a typical retail coalition and is Nectar's largest issuance and redemption partner.

The evolution of the Sainsbury's group has led to more limited prospects for Nectar to add new non-competitive partners of scale. When combined with the takeover of partner Homebase by Bunnings and the exit of British Gas, Aimia ultimately determined that retaining its ownership of the Nectar business offered more limited opportunities to add value to the company and the parties mutually agreed to pursue a sale of the business to Sainsbury's.

"Selling the Nectar business to Sainsbury's was the optimal risk-adjusted outcome for Aimia and we have worked to ensure a seamless transition for collectors and employees," said David Johnston, Group Chief Executive, Aimia. "The transaction allows for a sharper focus on Aeroplan, our largest and most profitable business, and simplifies our operations all the while preserving a robust balance sheet for our ongoing business."

Along with the sale of Nectar business and Aimia's Intelligent Shopper Solutions U.K. and Intelligent Research businesses, and a 50% equity stake in its i2c joint venture with Sainsbury's, the agreement also provides for the transfer to Sainsbury's of approximately \$183 million (£105 million) of cash providing coverage against the Nectar redemption liability. Aimia will continue to deliver customer insights and data analytics platforms to customers outside the U.K.

The transaction is also subject to customary working capital adjustments based on closing accounts, with net working capital amounts paid to Sainsbury's at closing of approximately \$96 million (£55 million). Included in this amount are net payables in respect of December redemptions normally paid in the first quarter of the year.

Aimia also obtained the consent of its lenders, as required for the release of one of Aimia's subsidiary guarantors under its senior credit agreement. In connection with this consent, Aimia has reduced its overall debt level with a \$100 million repayment made at closing and the overall size of the facility has been reduced to \$208 million. In addition, Aimia has agreed to certain amendments to the credit agreement which include amendments<sup>(2)</sup> in respect of quarterly debt paydowns contingent on positive free cash flow performance, working capital requirements for new borrowings, elimination of the Deferred Revenue Reserve (DRR) Fund alongside insertion of a minimum liquidity covenant, lower leverage covenants, tighter restrictions on common and preferred share dividend payments and revised conditions around acquisitions and disposals.

As at September 30, 2017, Aimia had close to \$670 million of cash and cash equivalents (including investments in corporate and government bonds). Adjusting for and giving effect to the Nectar transaction, Aimia's net cash and liquidity position will be reduced by approximately \$174 million. As the contractual requirement with Sainsbury's under which approximately \$208 million (at September 30, 2017) had previously been held in reserve by Aimia no longer applies, Aimia views the impact of the Nectar transaction as having a positive impact on Aimia's net cash position prior to giving effect to the repayment of \$100 million under its credit facility and any positive cash inflows generated by the Nectar business in the fourth quarter.

The businesses being sold today will be presented as discontinued operations in the financial statements and accompanying MD&A for the year ended December 31, 2017. Divisional 2017 results, along with 2016 comparatives, and 2018 guidance are expected to be provided with the company's results for the year ended December 31, 2017, to be issued after the TSX market close on February 14, 2018.

RBC Capital Markets acted as financial advisor to Aimia in relation to the Nectar transaction.

## **Conference Call and Audio Webcast Information**

Aimia will host a conference call to discuss today's announcement at 8:30 a.m. EST, Thursday, February 1, 2018, which will be webcast at: <http://event.on24.com/r.htm?e=1597891&s=1&k=EF179B6DCE0492A54395D9EACA5E923E>

Analysts intending to ask questions can dial into the call at 1-888-231-8191 (647-427-7450 for the Toronto area and 0800-051-7107 in the U.K.).

A slide presentation intended for simultaneous viewing with the conference call will be available at: <http://www.aimia.com/en/investors/presentations> and an archived audio webcast will be available at: <https://www.aimia.com/investors/events/> for 90 days following the original broadcast.

## **Notes**

1. Canadian dollar amounts in this release have been calculated on the basis of the CAD/£ of 1.7433 at January 31, 2018.
2. The amendments to the company's credit facility will be filed on the SEDAR website maintained by the Canadian Securities Authorities at [www.SEDAR.com](http://www.SEDAR.com).

## **About Aimia**

Aimia Inc.'s (TSX:AIM) data-driven marketing and loyalty analytics provides 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.

Aimia partners with groups of companies and individual companies to help generate, collect and analyze customer data and build actionable insights.

Our businesses include Aeroplan in Canada and Air Miles Middle East. The provision of loyalty strategy, program development, implementation and management services for other clients are underpinned by leading products and technology platforms such as the Aimia Loyalty Platform – Enterprise and Aimia Loyalty Platform – SaaS, 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 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 more information about Aimia, visit [www.aimia.com](http://www.aimia.com).

## **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 margin and Free Cash Flow before Dividends Paid) 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 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 February 1, 2018. 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, 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, inability to use third-party software and outsourcing, 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 declarations and/or payments on either common shares or preferred shares, 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 of February 1, 2018, 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.*

#### SOURCE AIMIA

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<https://aimia.mediaroom.com/2018-02-01-Aimia-Sells-Nectar-Business-to-Sainsbury-apos-s>