Aimia Inc.

Aimia reports fourth quarter 2017 results

MONTREAL, Feb. 14, 2018 /CNW Telbec/ - Data-driven marketing and loyalty analytics company Aimia Inc. (TSX: AIM) today reported its financial results for the quarter ended December 31, 2017.

This quarterly earnings release should be read in conjunction with the consolidated financial statements and the MD&A which can be accessed at: https://www.aimia.com/investors/quarterly-reports/

Q4 highlights (total including discontinued operations and severance):(1)

- Gross Billings of $565.7 million
- Adjusted EBITDA margin of 15.4%
- Free Cash Flow before Dividends Paid of $113.8 million

Strategic highlights:

- Delivered against full year 2017 guidance with solid performance at Aeroplan
- Target for annualized cost savings of $70 million by 2019 maintained
- Cash and investments in bonds at $506 million as at December 31, 2017, after giving effect to the Nectar transaction and the $100 million debt repayment in January 2018
- Home Hardware partnership renewal signed in February 2018

"Aeroplan's 5 million members saw great value in 2017, with 2.7 million rewards issued, including 2 million flight rewards to destinations around the world," said David Johnston, Group Chief Executive. "We're excited about the work we are doing and investments we are making to ensure our members have far more choice, well past 2020.

"The streamlining of the business sharpens our focus on Aeroplan, our largest and most profitable business. Combined with the actions we have taken since 2016 to improve operational efficiency, this is translating into substantially better profitability."

Consolidated Financial Highlights(1)

HIGHLIGHTS (1)(2)	**Three Months Ended December 31,**			
(in millions of Canadian dollars, except per share amounts)	**2017**	**2016**	**YoY % Change**	**YoY % Constant Currency (C.C.)**
Gross Billings - Continuing operations	**418.6**	484.9	(13.7)	(13.2)
Gross Billings - Discontinued operations	**147.1**	162.6	(9.5)	(10.9)
Total Revenue	**398.6**	440.1	(9.4)	(8.9)
Operating Loss	**(4.7)**	(89.8)	94.8	95.2
Adjusted EBITDA	**66.1**	41.6	58.9	59.6
ROIC(3)	**6.6%**	4.5%	2.1 pp	**
Net Loss(4)(5)(6)	**(214.7)**	(57.2)	**	**
Earnings (loss) per Common Share - Continuing operations(5)(6)	**(0.43)**	(0.64)	32.8	**
Earnings (loss) per Common Share - Discontinued operations(4)	**(1.01)**	0.24	**	**
Adjusted Net Earnings (Loss) per Common Share - Continuing operations(6)	**(0.11)**	0.12	**	**
Adjusted Net Earnings per Common Share - Discontinued operations	**0.03**	0.08	(64.2)	**
Cash from Operating Activities	**121.1**	139.8	(13.4)	**
Free Cash Flow before Dividends Paid	**113.8**	121.6	(6.4)	**
Free Cash Flow before Dividends Paid per Common Share	**0.75**	0.77	(2.6)	**

** Information not meaningful
Please refer to "Notes" on page 6 for details on notations that appear on tables in this Press Release.

Progress on key priorities

Ongoing business simplification and acceleration of cost savings

Ahead of the 2019 expiry of its contract with Sainsbury's, Aimia sold Nectar and related assets to Sainsbury's on January 31, 2018, for a gross consideration of $105 million. With the sale, Aimia has further sharpened its focus on its largest and most profitable business, Aeroplan, and reduced its redemption liabilities. The sold businesses generated $432.9 million of Gross Billings, $57.1 million of Adjusted EBITDA and $49.9 million of Free Cash Flow in 2017 and have been reported as discontinued operations for the year ended December 31, 2017. The company continues to explore further asset sales.

Total operating expenses in the continuing operations (prior to the impact of share-based payments, severance and impairment charges) were down by 15.7% in 2017. Operating expenses in the Coalitions and ILS divisions were down $17.8 million, while disposals in Other Businesses reduced operating expenses by a further $72.3 million.

The move to a new divisional structure took effect from October 1, 2017 and the sale of the Nectar business and related assets to Sainsbury's onJanuary 31, 2018, has resulted in further opportunities for cost reduction. Notwithstanding that a proportion of the company's cost savings commitment related to businesses that have been sold, the company remains on track to achieve its $70 million target by 2019. A key area of focus will be the reduction of technology and delivery costs in the Insights and Loyalty Solutions business.

Total headcount has fallen by around a third since the end of 2016, to around 2,000 at December 31, 2017. The exit of around 300 employees associated with the Nectar transaction at the end of January and previously planned exits are expected to take the total headcount down by 20% to around 1,600 by the end of the first quarter of 2018.

Preserving strong cash and liquidity position

Cash and investments in bonds at December 31, 2017, after giving effect to the Nectar transaction and the $100 million debt repayment, was $506 million.

The transfer of the Nectar business to Sainsbury's reduced the redemption liability on the balance sheet and with it, the cash reserve that was being held against the Nectar program.

Aeroplan program update

In February 2018, Home Hardware renewed its strategic partnership with Aeroplan. In the 11 years it has been a partner, Home Hardware has seen an increase in total spend by Aeroplan members, as well as increased basket size and frequency.

Overall, Aeroplan miles issued were up 1.8% in 2017 and 2.7 million rewards were issued to members, an increase of 3.1%, which included 2.0 million flight rewards. Total Aeroplan redemption expense was $840 million, up 4% compared to 2016, as currency movements and a favourable mix drove lower unit cost were mostly offset by the increase in miles redeemed. Aeroplan Miles redeemed were up 5.0% in 2017, with the fourth quarter increase of 9.9% partly reflecting low redemption volumes in Q4 2016. Compared to 2015, miles redeemed increased by 9% in Q3 and 8% in Q4. Existing members continue to accumulate and re-engage post redemption at similar rates to the same quarter last year.

Aimia has a base of 5 million active Aeroplan members who have, on average, been active in the program for 10 years, and a high-value financial cardholder base under its contracts with TD Bank and CIBC that provides substantial and certain purchasing volume to its travel partners. A high-value multi-airline travel rewards offering for domestic, trans-border and international travel and a further extension of the core Aeroplan member experience beyond flights will be important elements in meeting Aeroplan member needs, while investments in 2018 are expected to make the overall program more distinctive, convenient and personalized. Aimia continues to engage with various parties as a means to secure new long-term commercial and strategic relationships for the post-2020 period.

Operational performance

Gross Billings stable on a constant currency basis across two main divisions

Gross Billings were down 13.7% (or $66.3 million) to $418.6 million in the quarter, the decline being almost entirely due to the disposal of the U.S. Channel & Employee Loyalty and New Zealand rewards fulfilment businesses and the Canadian Air Miles trademark, as well as the impact of net revenue accounting treatment in the Coalitions business. On a constant currency basis, Gross Biliings were down 13.2%. Discontinued operations Gross Billings were $147.1 million.

Gross Billings across the two main divisions operated by Aimia at December 31, 2017, **Coalitions** and **Insights and Loyalty Solutions**, were stable on a constant currency basis.

- **Coalitions** Gross Billings were down $3.6 million or 1.0%. Within this, Aeroplan Loyalty Unit Gross Billings rose 1.8% (or$5.9 million) on higher billings from a successful financial card conversion campaign, higher Air Canada Gross Billings as a result of increased capacity, and higher promotional activity in the retail segment.
- The outsourcing of the fulfilment of gift cards in the Coalitions division, which resulted in a net revenue accounting treatment, had a negative impact of $10.0 million in the quarter.

- **Insights and Loyalty Solutions** Gross Billings were up $2.3 million (or $4.4 million on a constant currency basis) to $74.8 million. Gross Billings from Loyalty Units were up 3.4% on a constant currency basis. Higher rewards fulfilment and recurring loyalty platforms billings drove the increase in Gross Billings from Loyalty Services.
- The $65.3 million decline in Gross Billings from **Other Businesses** was attributable to the divestiture of the U.S. Channel and Employee and the exit of New Zealand rewards fulfilment activities in May 2017. The sale of the Canadian Air Miles trademark in August 2017 was also a contributor.

Aeroplan margin contribution driving increased margin

- Adjusted EBITDA was $66.1 million or 15.8% of Gross Billings, including a restructuring expense of $4.6 million in the quarter. Adjusted EBITDA was $41.6 million or 8.6% last year and included $2.8 million of restructuring expense.
- Excluding restructuring, Adjusted EBITDA represented a margin of 16.9%, compared to 9.2% in the previous year. An improved Aeroplan program contribution, lower operating expenses globally (which included the reversal of the contingent consideration payable related to the acquisition of the non-controlling interest in Aimia Middle East) and higher distributions from equity-accounted investments were the main positive contributors. A reduction in Other Businesses reduced absolute AEBITDA by $5.6 million but contributed to improved margin.
- Discontinued operations margin was 14.2% in the quarter.

Free Cash Flow reflects lower expenses

- Cash from operating activities was $55.0 million, down $4.9 million.
- Free Cash Flow before Dividends Paid in the quarter was $48.4 million. Capital expenditures were down $10.4 million to $6.6 million. Free Cash Flow per Share was $0.75. Free Cash Flow per common share from continuing operations on a normalized trailing 12-month basis was $0.78.
- Discontinued operations cash from operating activities was $66.1 million in the quarter.
- Total dividends paid were down $34.7 million, due to the suspension of dividends with effect from June 14, 2017.

Return on Invested Capital(3)

For the 12 months ended December 31, 2017, ROIC was 6.6%, compared to 4.5% for the 12 months ended December 31, 2016. An increase in adjusted operating income after taxes and a decrease in Invested Capital both contributed to the increase.

Performance compared to 2017 Guidance

Aimia's guidance was originally issued in February 2017 on the basis of the "core business" in place at the beginning of 2017 (which is reconciled to the reported results in the Appendix) and excluded the impact of severance and incremental interest expense and financing costs. The guidance was updated in November 2017.

Against its guidance for 2017, Aimia delivered the following results:

- Gross Billings of $2,063.8 million (guidance for the core business of "between $2.0 billion and $2.1 billion")
- Adjusted EBITDA of $291.6 million or 14.1% (guidance for the core business of "around 13.0%")
- Free Cash Flow before Dividends Paid of $226.6 million (guidance of "above $220 million")
- Capital expenditures of $43.4 million included in Free Cash Flow before Dividends Paid (guidance of between "$45 million and $50 million")

2018 Guidance

Reflecting a sharper focus on its Aeroplan business, Aimia is providing guidance for the year ending December 31, 2018, as follows:

- Coalitions Gross Billings: around $1.3 billion
- Coalitions Adjusted EBITDA margin: above 18%
- Coalitions Free Cash Flow (on a pre-tax basis): between $155 million and $175 million
- Consolidated Free Cash Flow before Dividends Paid (on a pre-tax basis): between $120 million and $145 million

The above guidance is based on current expectations around redemption expense at Aeroplan.

The guidance excludes the impact of taxes and restructuring. Further to the utilization of prior tax loss carry forwards, the company expects to pay cash taxes in 2018. Cash taxes could be in a range of between $35 million to $40 million based on current expectations around profitability, mainly against profit generated in the Coalitions business. Restructuring expenses of around $10 million are also excluded from the guidance.

See "Forward-Looking Statements" below regarding assumptions underlying the above guidance and risks related thereto.

Dividends

Based on restrictions currently in place under the Canada Business Corporations Act and the company's credit facility agreement, as amended, the company believes that it will not be in a position to declare or pay dividends in 2018. However, it will continue to assess its ability to declare and pay dividends on its outstanding preferred shares on a quarterly basis.

Quarterly Conference Call and Audio Webcast Information

Aimia will host a conference call to discuss its fourth 2017 financial results at 8:30 a.m. EST on Thursday, February 15, 2018. The call will be webcast at: http://event.on24.com/r.htm?e=1547451&s=1&k=76A44F910D36183798911E811694D0D5

Analysts intending to ask questions can dial into the call at 1-888-231-8191 (647-427-7450 for the Toronto area).

A slide presentation intended for simultaneous viewing with the conference call will be available the evening of February 14, 2018 at: https://www.aimia.com/investors/presentations/ and an archived audio webcast will be available at: https://www.aimia.com/investors/events/ for 90 days following the original broadcast.

This quarterly earnings release was reviewed by Aimia's Audit Committee and was approved by the company's Board of Directors, on the Audit Committee's recommendation, prior to its release.

Notes

1. Non-GAAP financial measures (Adjusted EBITDA, ROIC, Adjusted Net Earnings per common share, Free Cash Flow before Dividends Paid and Free Cash Flow before Dividends Paid per Common Share) and constant currency are explained in the section entitled "Non-GAAP Financial Measures".
2. Total Revenue, Operating Loss, Adjusted EBITDA and ROIC relate to continuing operations. Cash from operating activities, Free Cash Flow before Dividends Paid and Free Cash Flow before Dividends Paid per Common Share include cash flow from continuing and discontinued operations. Earnings (loss) per Common Share and Adjusted Net Earnings per common share are presented for both continuing and discontinued operations.
3. ROIC for the twelve-month period ended December 31, 2017 includes the unfavourable impact of the onerous contract provision of $14.9 million, net of an income tax recovery of $5.4 million, calculated on the basis of the Canadian statutory tax rate in effect during the period.
4. Net Loss and Loss from discontinued operations per Common Share for the three months ended December 31, 2017 include an impairment charge of $180.5 million related to the Nectar coalition loyalty program and U.K. ISS business.
5. Net Loss and Loss from continuing operations per Common Share for the three months ended December 31, 2016 include impairment charges amounting to $66.0 million, of which $53.2 million relate to the GLS group of CGUs and $12.8 million to the U.S. Channel and Employee Loyalty business.
6. Net Loss, Loss from continuing operations per Common Share and Adjusted Net Loss from continuing operations for the three months ended December 31, 2017 include a net impairment charge of $57.4 million related to the investment in Cardlytics.

Appendix

The highlights for the twelve months ending December 31, 2017 are as follows:

HIGHLIGHTS (1)(2)	**Years Ended December 31,**			
(in millions of Canadian dollars, except per share amounts)	**2017**	**2016**	**YoY % Change**	**YoY % Constant Currency (C.C.)**
Gross Billings - Continuing operations	**1,675.1**	1,838.2	(8.9)	(8.6)
Gross Billings - Discontinued operations	**432.9**	501.5	(13.7)	(8.0)
Total Revenue	**1,624.4**	1,759.3	(7.7)	(7.3)
Operating Loss(3)	**(59.1)**	(142.2)	58.4	58.2
Adjusted EBITDA(3)	**189.9**	165.6	14.7	14.7
ROIC(3)	**6.6%**	4.5%	2.1 pp	**
Net Loss(3)(4)(5)(6)(7)(8)	**(270.5)**	(64.6)	**	**
Earnings (loss) per Common Share - Continuing operations(3)(4)(5)(7)(8)	**(0.96)**	(0.90)	(6.7)	
Earnings (loss) per Common Share - Discontinued operations(6)	**(0.93)**	0.35	**	**
Adjusted Net Earnings per Common Share - Continuing operations(3)(4)(5)(8)	**0.16**	0.63	(74.6)	**
Adjusted Net Earnings per Common Share - Discontinued operations	**0.24**	0.35	(31.7)	**
Cash from Operating Activities(9)	**239.4**	301.8	(20.7)	**
Free Cash Flow before Dividends Paid(9)	**196.0**	233.6	(16.1)	**
Free Cash Flow before Dividends Paid per Common Share(9)	**1.26**	1.42	(11.3)	**

1. Non-GAAP financial measures (Adjusted EBITDA, ROIC, Adjusted Net Earnings per common share, Free Cash Flow before Dividends Paid and Free Cash Flow before Dividends Paid per Common Share) and constant currency are explained in the section entitled "Non-GAAP Financial Measures".

2. Total Revenue, Operating Loss, Adjusted EBITDA and ROIC relate to continuing operations. Cash from operating activities, Free Cash Flow before Dividends Paid and Free Cash Flow before Dividends Paid per Common Share include cash flow from continuing and discontinued operations. Earnings (loss) per Common Share and Adjusted Net Earnings per common share are presented for both continuing and discontinued operations.
3. Operating Loss, Adjusted EBITDA, Net Loss, Loss from continuing operations per Common Share and Adjusted Net Earnings from continuing operations per Common Share for the year ended December 31, 2017 include the unfavourable impact of an onerous contract provision of $20.3 million related to an IT outsourcing arrangement in the US. ROIC for the twelve-month period ended December 31, 2017 includes the unfavourable impact of the onerous contract provision of $14.9 million, net of an income tax recovery of $5.4 million, calculated on the basis of the Canadian statutory tax rate in effect during the period.
4. Net Loss, Loss from continuing operations per Common Share and Adjusted Net Earnings from continuing operations per Common Share for the year ended December 31, 2017 include the impact of the loss of $19.9 million on the disposal of the Air Miles trademarks for Canada and a related net income tax expense of $1.2 million, the gain on the disposal of the U.S. Channel and Employee Loyalty Business of $5.4 million and the fair value gain on the convertible notes of Cardlytics of $7.7 million.
5. Net Loss, Loss from continuing operations per Common Share and Adjusted Net Earnings from continuing operations per Common Share for the year ended December 31, 2016 include the impact of the gain on the disposal of the commercial rights in the UK card-linked marketing business of $23.2 million.
6. Net Loss and Loss from discontinued operations per Common Share for the year ended December 31, 2017 include an impairment charge of $180.5 million related to the Nectar coalition loyalty program and U.K. ISS business.
7. Net Loss and Loss from continuing operations per Common Share for the year ended December 31, 2016 include impairment charges amounting to $66.0 million, of which $53.2 million relate to the GLS group of CGUs and $12.8 million to the U.S. Channel and Employee Loyalty business.
8. Net Loss, Loss from continuing operations per Common Share and Adjusted Net Earnings from continuing operations for the year ended December 31, 2017 include a net impairment charge of $57.4 million related to the investment in Cardlytics.
9. Cash from Operating Activities, Free Cash Flow before Dividends Paid and Free Cash Flow before Dividends Paid per Common Share for the year ended December 31, 2016 include tax proceeds of $50.3 million, inclusive of interest in the amount of $1.6 million, related to the income tax refund of loss carry back applied in Canada.

Aimia's 2017 guidance was issued on the basis of the "core business" in place at the beginning of 2017, which is reconciled to the reported consolidated numbers in the table below:

(in millions of Canadian dollars)

	Consolidated[1]	**Add back Discontinued operations[2]**	**Subtract other exited businesses[3]**	**Add back Severance[4]**	**Add back Other[4]**	**2017 core business (guidance basis)[5]**	**2017 Guidance (as updated in Nov 2017)**
Gross Billings	**1,675.1**	**432.9**	**(44.2)**	**-**	**-**	**2,063.8**	**Core business(5)between $2.0 to $2.1 billion**
Adjusted EBITDA	**189.9**	**57.1**	**20.7**	**23.9**	**-**	**291.6**	**-**
Adjusted EBITDA (ex-severance)	**210.4**	**60.5**	**20.4**	**-**	**-**	**291.3**	**-**
Adjusted EBITDA margin	*11.3%*	*13.2%*	-	-	-		-
Adjusted EBITDA margin (ex-severance)	*12.6%*	*14.0%*	-	-	-	***14.1%***	***Core business[5] around 13.0%***
FCF before Dividends Paid	146.1	49.9	-	20.6	10.0	**226.6**	**Above $220[4]**
Capital expenditures	37.9	5.5	-	-	-	**43.4**	**Between $45 and $50**

1. Includes businesses disposed: U.S. Channel and Employee Loyalty Business (May 2017), New Zealand rewards fulfilment (May 2017), and Canadian Air Miles trademarks (August 2017).
2. Discontinued operations include the sale of the Nectar coalition loyalty program, Aimia's U.K. ISS and Intelligent Research businesses, and the 50% participation in i2C.
3. Gross Billings and Adjusted EBITDA (including the impact of the onerous contract provision of $20.3 million) for the U.S. Channel and Employee Loyalty business amounted to $44.2 million and $(20.7) million.
4. 2017 guidance excluded severance payments related to the organizational changes, as well as incremental interest expense and financing costs related to the early redemption of Senior Secured Notes Series 5 of $10.4 million.
5. The "core business" excluded the results of the U.S. Channel and Employee Loyalty business (sold in May 2017). Comparatives for the prior year also exclude the results of the Enhancement Services business sold in July 2016. The U.S. Channel and Employee Loyalty business and Enhancement Services results have been reported within the Other Businesses division. The results of the following are included in the core business:
    a. The New Zealand business until its sale in May 2017 is reported under Other Businesses. At the sale completion date, Gross Billings for this business were $15 million with Adjusted EBITDA of $0.1 million, compared to an original expectation of $36 million and $0.4 million for 2017.
    b. The Canadian Air Miles trademark until its sale in August 2017 is reported under Other Businesses. At the sale completion date, Gross Billings and Adjusted EBITDA for this royalty stream were $5.6 and $4.9 million, respectively, compared to an original expectation of $8.7 and $8.0 million.

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.

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 accounting principles in Canada and represents International Financial Reporting Standards ("IFRS"). Please refer to the MD&A on pages 8 to 12 for a complete definition on all non-GAAP financial measures and page 20 for a reconciliation of non-GAAP financial measures to GAAP.

Adjusted EBITDA

Adjusted EBITDA is not a measurement based on GAAP, is not considered an alternative to operating income or net earnings in measuring performance, and is not comparable to similar measures used by other issuers. We do not believe that Adjusted EBITDA has an appropriate directly comparable GAAP measure. As an alternative, we do however provide a reconciliation to operating income on page 20 of the Management Discussion & Analysis (MD&A) for the three and twelve months ended December 31, 2017. 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 company's performance on a consistent basis without regard to depreciation and amortization and impairment charges related to non-financial assets,, which are non-cash in nature and can vary significantly depending on accounting methods and non-operating factors such as historical cost. Unless otherwise noted, Adjusted EBITDA for the current and comparable periods exclude the results of discontinued operations.

Adjusted EBITDA is operating income adjusted to exclude depreciation, amortization and impairment charges related to non-financial assets, as well as adjusted for certain factors particular to the business, such as changes in deferred revenue and Future Redemption Costs. Adjusted EBITDA also includes distributions and dividends received or receivable from equity-accounted investments. 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.

Return on Invested Capital

Return on invested capital ("ROIC") is not a measurement based on GAAP and is not comparable to similar measures used by other issuers. ROIC is used by management to assess the efficiency with which it allocates its capital to generate returns.

ROIC is calculated as adjusted operating income after taxes expressed as a percentage of the average invested capital. Adjusted operating income after taxes and invested capital exclude the effect of discontinued operations. Adjusted operating income after taxes is Adjusted EBITDA less depreciation and amortization, tax effected at the Canadian statutory rate, on a rolling twelve-month basis. A description of Adjusted EBITDA as well as its reconciliation to operating income is presented in the preceding section. Invested capital is the sum of net equity (calculated as total equity less net assets of discontinued operations), deferred revenue margin related to continuing operations (calculated as deferred revenue less future redemption cost liability, tax effected at the Canadian statutory rate), accumulated amortization of Accumulation Partners' contracts and customer relationships related to continuing operations, and net debt (calculated as long-term debt, including the current portion, less cash and cash equivalents, net of any contractually required redemption reserve amount included in cash and cash equivalents attributable to continuing operations), averaged between the beginning and ending balance over a rolling twelve-month period.

Adjusted Net Earnings

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 provides a measurement of profitability calculated on a basis consistent with Adjusted EBITDA. Net earnings attributable to equity holders of the company 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 related to non-financial assets. 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 per Common Share

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. Adjusted Net Earnings per common share is presented for both continuing and discontinued operations.

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 and cumulative undeclared dividends on preferred shares in the period divided by the number of weighted average number of basic and diluted common shares.

Free Cash Flow, Free Cash Flow before Dividends Paid and Free Cash Flow before Dividends paid per Common Share

Free Cash Flow and Free Cash Flow before Dividends Paid are non-GAAP measures and are not comparable to similar measures used by other issuers. They are used in order to provide a consistent and comparable measurement of cash generated from operations and used as indicators 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 paid.

Free Cash Flow before Dividends Paid is defined as cash flows from operating activities as reported in accordance with GAAP, less capital expenditures as reported in accordance with GAAP.

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 minus dividends paid on preferred shares and non-controlling interests over the weighted average number of common shares outstanding.

Reconciliation to GAAP

For a reconciliation of the above Non-GAAP financial measures to GAAP, please refer to page 20 of the Management Discussion & Analysis for the three and twelve months ended December 31, 2017.

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, help 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 period results using foreign currency exchange rates from the same period in the prior year. 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. Constant Currency is a basis of consideration mostly for Aimia's foreign operations (those with a functional currency which is not the Canadian dollar). The ILS segment and Other Businesses operate under varying foreign currencies.

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 company operates and market competition and tax laws applicable to the company's operations. The company 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 14, 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, reliance on Redemption Partners, greater than expected redemptions for rewards, unfunded future redemption costs, supply and capacity costs, regulatory matters, failure to safeguard databases, cyber security and consumer privacy, retail market/economic conditions, industry competition, Air Canada liquidity issues or air travel industry disruption, airline industry changes and increased airline costs, changes to coalition loyalty programs, seasonal nature of the business, other factors and prior performance, reliance on key personnel, legal proceedings, foreign operations, labour relations, pension liability, technological disruptions, inability to use third-party software and outsourcing, failure to protect intellectual property rights, conflicts of interest, leverage and restrictive covenants in current and future indebtedness, uncertainty of dividend declarations and/or payments on either common shares or preferred shares, interest rate and currency fluctuations, 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 ofFebruary 14, 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

For further information: Analysts and Investors, Karen Keyes, 647-459-3506, karen.keyes@aimia.com; Media, Cheryl Kim, 647-465-2533, cheryl.kim@aimia.com

---