Aimia Inc.

Aimia Reports Second Quarter 2018 Results

Adjusted EBITDA at $46.2 million and Free Cash Flow at $20.0 million

Solid progress being made on post 2020 program transformation and cost reduction initiatives

MONTREAL, Aug. 3, 2018 /CNW Telbec/ - Data-driven marketing and loyalty analytics company Aimia Inc. (TSX: AIM) today reported its financial results for the quarter ended June 30, 2018.

Recently-appointed Chief Executive Officer, Jeremy Rabe, commented: "The value Aeroplan already delivers to our 5 million engaged members is unmatched in the Canadian travel loyalty rewards industry. In the quarter, existing members continued to accumulate and re-engage post redemption at similar rates to the same quarter last year and spend on Aeroplan credit cards remained strong.

"We have a clear plan to leverage our strong assets and unparalleled purchasing power into a growing and competitive travel market post 2020 to secure a compelling rewards offering at a manageable cost, offering our members increased flexibility, leading value and an improved member experience.

"In the meantime, we are also making solid progress on streamlining our own business as our improving margin trajectory demonstrates.

"There is an opportunity to move faster to transform Aeroplan into the best travel loyalty program in Canada and that is the path we are on."

Strategic highlights:

- Key priorities outlined and key pillars of future Aeroplan program communicated to members in late July
- Unique purchasing strategy being implemented to shape key commercial partnerships and to differentiate Aeroplan flight rewards offering post 2020 and active discussions underway
- Recent proposals for Aeroplan and PLM highlight the strength, quality and desirability of Aeroplan and other Aimia assets and investments

Q2 highlights – GAAP basis:

- Consolidated Total Revenue up by 3.9% to $375.4 million
- Net earnings at $11.1 million, up by $36.2 million
- Cash from operating activities at $27.4 million

Q2 highlights – Continuing operations, with variances on a like-for-like basis:(1)(2)

- Coalitions Gross Billings down 3.1% to $326.3 million; Consolidated Gross Billings down 4.5% to $366.8 million on a like-for-like basis
- Adjusted EBITDA margin (excluding restructuring expense) up 180 bps; Adjusted EBITDA at $46.2 million
- $20.0 million of Free Cash Flow generated in the quarter

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

Please refer to "Notes" for details on notations that appear on tables in this Press Release.

Consolidated Financial Highlights(1)

HIGHLIGHTS (1)	Three Months Ended June 30,

(in millions of Canadian dollars, except per share amounts)	**2018**	**2017**	**YoY % Change**	**YoY % Constant Currency (C.C.)**
Continuing operations				
Gross Billings	**366.8**	396.0	(7.4)	(7.1)
Total Revenue	**375.4**	361.3	3.9	4.1
Operating Loss(3)(4)	**(16.5)**	(36.7)	55.0	54.8
Adjusted EBITDA(4)	**46.2**	29.5	56.6	56.6
ROIC(5)	**7.7%**	4.8%	2.9 pp	**
Consolidated (unless otherwise noted)				
Net Earnings (loss)(3)(4)(6)	**11.1**	(25.1)	**	**
Earnings (loss) per Common Share - Continuing operations(3)(4)(6)	**0.04**	(0.22)	**	**
Earnings per Common Share - Discontinued operations	**0.00**	0.03	**	**
Adjusted Net Earnings per Common Share - Continuing operations(4)(6)	**0.33**	0.10	**	**
Adjusted Net Earnings per Common Share - Discontinued operations	**-**	0.07	**	**
Cash from Operating Activities	**27.4**	66.9	(59.0)	**
Free Cash Flow before Dividends Paid	**20.0**	54.1	(63.0)	**
Free Cash Flow before Dividends Paid per Common Share	**0.13**	0.36	(63.9)	**

** Information not meaningful

Progress on Aeroplan strategy and member offering

In addition to its continued focus on establishing the right cost base and balance sheet flexibility, Aimia will also focus on maximizing the value of its existing assets through continued execution on its Aeroplan strategy and a keen focus on returns from other investments.

The future Aeroplan program communicated to members in late July will be focused on three key pillars: offering increased flexibility, delivering leading value and improving the member experience.

Flight rewards will continue to be a core differentiator for Aeroplan. Underpinning the value promise the company has made to members is a unique purchasing strategy. The company's approach to purchasing is expected to shape key commercial partnerships and lead to a differentiated Aeroplan flight reward offering post 2020. Leveraging its significant volume, robust member history and predictive analytics, Aeroplan plans to use bulk and block purchasing, stand-alone charters on key routes and preferred airline partnerships to allow it to secure discounts of between 5% and 40% to keep costs low. With the ability to purchase seats on any IATA-accredited airline, Aeroplan will also have the potential to purchase the cheapest available fares enabling it to offer market fare flight rewards to the same destinations for fewer miles. Aeroplan is already working actively on securing preferred airline relationships and has today announced a relationship with Porter Airlines.

Unsolicited conditional proposal to acquire the Aeroplan business

On July 25, 2018, the Corporation received an unsolicited conditional proposal from a consortium of current partners consisting of Air Canada, The Toronto-Dominion Bank, Canadian Imperial Bank of Commerce and VISA Canada Corporation (the "Current Partner Consortium") to acquire the Aeroplan loyalty program business.

Aimia's August 2, 2018, update on discussions with Current Partners noted that it has engaged in constructive discussions regarding their conditional acquisition of the Aeroplan business. Aimia noted that the original cash consideration was $250 million and was updated to $325 million, neither of which reflected the value of the Aeroplan business to members and stakeholders. Aimia has been in active dialogue with our Current Partner Consortium and Aimia's current proposal removed the highly conditional nature, onerous terms and conditions as well as exclusions from previous offers, which could create near term uncertainty for members. Aimia's current proposal is $450 million, including revised terms that remove all uncertainty from discussions with the Current Partner Consortium.

Aimia expects all companies in the Current Partner Consortium to honour their long standing contractual commitments.

Operational performance

Coalitions Gross Billings decline of 3.1%

Consolidated Gross Billings were down $29.2 million to $366.8 million in the quarter, with $11.8 million of the decline attributable to disposals of non-core assets. Excluding this impact, Consolidated Gross Billings on a like-for-like basis, were down 4.5%.

- **Coalitions** Gross Billings were down 3.1% at $326.3 million. Despite a strong conversion campaign from a financial card partner and higher credit cardholder spend per card, a lower number of active credit cards and less promotional activity along with the absence of a non-air conversion campaign and lost retail partner, drove an overall decline of 3.5% for Loyalty Units Gross Billings. Loyalty Services Gross Billings were up by 5.3%.
- **Insights and Loyalty Solutions** Gross Billings were down 14.9% to $40.7 million. Gross Billings from Loyalty Units were down 19.1% due to revised pricing terms in the Air Miles Middle East program. Loyalty Services billings were below last year due to pricing shifts and client losses. Platforms saw higher recurring billings despite lower volume of set up fees compared to last year.

Improved Aeroplan contribution and lower operating expenses globally

- Adjusted EBITDA was $46.2 million or 12.6% of Gross Billings, compared to $29.5 million or 7.4% in the prior year. Excluding the impact of business disposals, which included the impact of the onerous contract provision, Adjusted EBITDA decreased by $0.8 million or 1.7% on a constant currency basis. On a like-for-like basis and excluding severance, Adjusted EBITDA was $56.3 million, compared to $52.1 million in the prior year period. An improved contribution from the Aeroplan Program and lower operating expenses globally offset a reduced contribution from ILS and lower distributions from equity-accounted investments.
- Operating expenses were down $23.3 million to $117.5 million, reflecting the $29.3 million impact related to business disposals, including the $20.3 million onerous contract provision recorded during the second quarter of 2017, offset by $11.8 million increase in share-based compensation expense, an impairment charge of $8.0 million recorded in the current period related to the International ISS business and a $5 million increase in severance expense. Excluding these items, Operating expenses were down $18.8 million, due mainly to operational efficiencies and timing of marketing spend.
- Total headcount at June 30, 2018, was down to 1,625, from 2,250 at June 30, 2017.

Free Cash Flow generation at $20.0 million to contribute to further debt paydown

- Cash from operating activities was $27.4 million, a decrease of $39.5 million partly explained by a $23.3 million related to discontinued operations. The $16.2 million decrease in continuing operations mainly reflects lower billings, higher redemption expense, higher severance and unfavourable changes in net operating assets, offset by operating expense reductions and lower net interest paid.
- Higher availability and capacity on certain airlines was a significant driver of increased Aeroplan redemptions, driving redemption expense higher against the same quarter last year, which included the period prior to the Air Canada non-renewal announcement.
- Free Cash Flow was $20.0 million. Capital expenditures from continuing operations were down $3.6 million to $7.4 million. Free Cash Flow per Common Share from continuing operations was $0.13.

Preserving balance sheet flexibility

- Cash and investments in bonds at June 30, 2018, was $530.9 million. Total debt levels (including drawn letters of credit) of $338.4 million at June 30, 2018, are expected to decrease to approximately $328.4 million during the third quarter, with $10 million of the cash generated in the second quarter expected to be used to reduce the drawn amount on the company's credit facility.

Strong performance from investments

- The company's investment in loyalty program Club Premier continued to generate a meaningful distribution at $4.4 million (2017: $4.6 million), reflecting a solid underlying business and a growing member base. In the second quarter, Gross Billings were up 20% to US$63.7 million, while Adjusted EBITDA was up 19% to US$22.7 million. Total members were up 0.6 million to 5.7 million at June 30, 2018. On July 26, 2018, Aimia rejected a non-binding offer from Grupo Aeromexico S.A.B. de C.V for its 48.855% stake in PLM Premier S.A.P.I de C.V.
- The company's stake in Cardlytics, a publicly-listed purchase intelligence company, was valued at $85.5 million at June 30, 2018, reflecting a $27.5 million gain in the quarter.

Return on Invested Capital(3)

For the 12 months ended June 30, 2018, ROIC was 7.7%, compared to 4.8% for the 12 months ended June 30, 2017. An increase in adjusted operating income after taxes and a decrease in Invested Capital both contributed to the increase in ROIC.

2018 Guidance

The company's guidance for the year ending December 31, 2018, provided in February 2018, remains unchanged:

- Coalitions Gross Billings: around $1.3 billion
- Coalitions Adjusted EBITDA margin: around 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 and is on an IFRS 15 basis.

The guidance excludes the impact of taxes and restructuring and costs that may be incurred as a result of the Consortium Proposal issued on July 25, 2018. 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 $15 million and $20 million based on current expectations around profitability, mainly against profit generated in the Coalitions business. Restructuring expenses and payments, which are now expected to total between $20 and $25 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 second quarter 2018 financial results at 8:00 a.m. EST today (Friday, August 3, 2018). The call will be webcast at: https://event.on24.com/wcc/r/1650916/637D179080283C6370589AFBF9499AEE

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 is available 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. Continuing operations refers to consolidated results (i.e. excluding discontinued operations). Like-for-like variances are calculated on the basis of 2017 consolidated results excluding "Other Businesses", as set out in the table below.
3. Operating Loss, Net Earnings and Earnings from continuing operations per Common Share for the three months endedJune 30, 2018 include an impairment charge of $8.0 million related to the International ISS business.
4. 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 three months ended June 30, 2017 include the unfavourable impact of the onerous contract provision of $20.3 million related to an IT outsourcing arrangement in the US.
5. ROIC for the twelve-month period ended June 30, 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.
6. Net Loss, Loss from continuing operations per Common Share and Adjusted Net Earnings from continuing operations per Common Share for the three months ended June 30, 2017 include the gain on the disposal of the U.S. CEL Business of $5.4 million and the fair value gain on the convertible notes of Cardlytics of $7.7 million.

Appendix

The table below for the three months ending June 30, 2018, sets out key financial metrics and reconciliations along with year-on-year variances on the basis of the Consolidated results excluding the 2017 results of "Other Businesses" as defined in the company's MD&A:

	Three Months Ended June 30,								
	Coaltions		**ILS**		**Consolidated**				
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2017 (excl. Other Businesses)(1)**	**YoY %**	**YoY % (excl. Other Businesses)(1)**
Gross Billings	**326.3**	**336.8**	**40.7**	**47.8**	**366.8**	**396.0**	**384.2**	**-7.4%**	**-4.5%**
Total revenue	341.7	310.6	33.9	40.2	375.4	361.3	350.4	3.9%	7.1%
Cost of rewards and direct costs	217.6	205.7	4.4	6.5	222.0	212.0	212.0	4.7%	4.7%
Total operating expenses	**70.6**	**69.8**	**47.1**	**41.9**	**117.5**	**140.8**	**111.5**	**-16.5%**	**5.4%**
Total operating expenses before restructuring	61.1	65.8	46.5	40.8	107.4	135.7	106.4	-20.9%	0.9%
Adjusted EBITDA	**57.3**	**54.0**	**(11.1)**	**(7.0)**	**46.2**	**29.5**	**47.0**	**56.6%**	**-1.7%**
Adjusted EBITDA margin %	**17.6%**	**16.0%**	**-27.3%**	**-14.6%**	**12.6%**	**7.4%**	**12.2%**	**5.2 pp**	**0.4 pp**
Adjusted EBITDA before restructuring	66.8	58.0	(10.5)	(5.9)	56.3	34.6	52.1	62.7%	8.1%
Adjusted									

EBITDA margin % (before restructuring)	20.5%	17.2%	-25.8%	-12.3%	15.3%	8.7%	13.6%	6.6 pp	1.8 pp
Included in Adjusted EBITDA:									
Change in Future Redemption Costs	14.8	(11.9)	(0.8)	1.3	14.0	(10.6)	(10.6)	**	**
Cost of rewards recorded against deferred revenue	-	-	(7.5)	(8.9)	(7.5)	(8.9)	(8.9)	**	**
Distributions from equity-accounted investments	4.4	4.6	-	1.2	4.4	5.8	5.8	-24.1%	-24.1%
Free Cash Flow before Dividends Paid (continuing operations)					**20.0**	**32.6**	**41.2**	**-38.7%**	**-51.5%**
Free Cash Flow before Dividends Paid (continuing operations) (before restructuring and taxes)					29.0	38.9	46.7	-25.4%	-37.9%
Restructuring expenses - divisional structure	9.5	4.0	0.6	1.1	10.1	5.1	5.1	**	**
Restructuring payments - divisional structure					8.2	4.3	4.3	**	**
Taxes paid					0.8	2.0	1.2	**	**

** Information not meaningful

(1) Consolidated results less Other Businesses. Other Businesses include the results of the U.S. Channel and Employee Loyalty ("CEL") business, the New Zealand business and the royalty revenue related to the Canadian Air Miles trademarks, until their respective disposals.

The highlights for the six months ended June 30, 2018 are as follows:

HIGHLIGHTS [1]	Six Months Ended June 30,			
(in millions of Canadian dollars, except per share amounts)	**2018**	**2017**	**YoY % Change**	**YoY % Constant Currency (C.C.)**
Continuing operations				
Gross Billings	**724.9**	790.6	(8.3)	(8.1)
Total Revenue	**781.4**	763.7	2.3	2.4
Operating Loss[3][4]	**(3.8)**	(36.1)	89.5	91.7
Adjusted EBITDA[4]	**107.9**	73.0	47.8	48.5
ROIC[5]	**7.7%**	4.8%	2.9 pp	**
Consolidated (unless otherwise noted)				
Net Earnings (loss)[3][4][6][7][8]	**32.5**	(15.5)	**	**
Earnings (loss) per Common Share - Continuing operations[3][4][6][8]	**0.11**	(0.23)	**	**
Earnings per Common Share - Discontinued operations[7]	**0.05**	0.07	(28.6)	**
Adjusted Net Earnings per Common Share - Continuing operations[4][6][8]	**0.58**	0.23	**	**
Adjusted Net Earnings per Common Share - Discontinued operations[7]	**0.05**	0.16	(68.8)	**
Cash from Operating Activities[9]	**71.2**	55.2	29.0	**
Free Cash Flow before Dividends Paid[9]	**60.4**	30.3	99.3	**
Free Cash Flow before Dividends Paid per Common Share[9]	**0.40**	0.17	**	**

** Information not meaningful

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. Continuing operations refers to consolidated results (i.e. excluding discontinued operations).
3. Operating Loss, Net Earnings and Earnings from continuing operations per Common Share for the six months ended June 30, 2018 include an impairment charge of $8.0 million related to the International ISS business.
4. 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 six months ended June 30, 2017 include the unfavourable impact of the onerous contract provision of $20.3 million related to an IT outsourcing arrangement in the US.
5. ROIC for the twelve-month period ended June 30, 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.
6. Net Earnings, Earnings from continuing operations per Common Share and Adjusted Net Earnings from continuing operations per Common Share for the six months ended June 30, 2018 include the unfavourable impact of the reversal of the contingent consideration receivable related to the sale of the Canadian Air Miles trademarks of $5.3 million as well as an income tax recovery of $1.3 million.
7. Net Earnings, Earnings from discontinued operations per Common Share and Adjusted Net Earnings from discontinued operations

per Common Share for the six months ended June 30, 2018 include the impact of the gain of$5.4 million on the disposal of the Nectar Program and related assets.

8. Net Loss, Loss from continuing operations per Common Share and Adjusted Net Earnings from continuing operations per Common Share for the six months ended June 30, 2017 include the gain on the disposal of the U.S. CEL Business of$5.4 million and the fair value gain on the convertible notes of Cardlytics of $7.7 million.
9. Cash from Operating Activities, Free Cash Flow before Dividends Paid and Free Cash Flow before Dividends Paid per Common Share for the six months ended June 30, 2018 include a rent prepayment of$11.8 million related to a London office space. The prepayment covers the period from February 2018 to December 2019.

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 7 to 11 for a complete definition on all non-GAAP financial measures and page 18 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 18 of the Management Discussion & Analysis (MD&A) for the three and six months ended June 30, 2018. 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), 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 nonfinancial 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 18 of the Management Discussion &

Analysis for the three and six months ended June 30, 2018.

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 operates 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 August 3, 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 ofAugust 3, 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.

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