

Aimia Announces New Strategy as Consolidator in Loyalty and Travel

Highlights

- Adopts new strategic business plan with key objective of becoming a leading consolidator within loyalty and travel markets
- Announces Board approval of a substantial issuer bid ("SIB") to repurchase up to \$150 million of its outstanding common shares
- William (Bill) McEwan assumes role of Chairman of the Board of Directors
- Announces Board changes in line with disciplined succession planning, further to completion of Aeroplan transaction and conclusion of strategic review
- Steven Leonard appointed Chief Financial Officer

MONTREAL, March 28, 2019 /CNW Telbec/ - Aimia Inc. (TSX: AIM) announced today that its Board of Directors through a special committee of independent directors (the "Special Committee") has concluded its previously announced evaluation of the company's future strategic direction and capital allocation priorities. The Special Committee's recommendation that Aimia evolve its positioning within the growing loyalty and travel markets through a combination of organic growth and sector-focused M&A has been accepted and approved by the Board of Directors as representing the optimal outcome most likely to generate the most attractive returns among the wide range of options considered.

The strategic business plan set out today will build on Aimia's strong existing platforms, unparalleled industry expertise and experience, ability to drive operational improvement as well as its excellent liquidity, ready-to-use capital and long-term approach.

The Special Committee undertook a thorough and comprehensive review, in consultation with management and industry and financial advisors. The Special Committee considered Aimia's competitive advantages and assets as well as the company's ability to execute on each strategic alternative in the context of market opportunities.

Future strategic direction

Loyalty and travel are vast and growing markets. Over the last three decades, loyalty memberships have experienced annual double digit growth. North American consumers now have almost 4 billion loyalty memberships – with retail, travel and hospitality and financial services sectors representing 88% loyalty memberships in the US and 80% in Canada⁽¹⁾. Other sectors and subscription programs are also gaining traction. International travel departures have grown from 0.7 billion to 1.6 billion⁽²⁾ over the last two decades as travel has come within reach of more consumers, making it a rich but fragmented industry accounting for over 10% of global GDP when including direct and indirect consequences⁽³⁾. It is also one of the fastest growing industries, with over \$30 billion invested in travel startups in 2017⁽⁴⁾.

Aimia will be focused on growing earnings by maximizing the performance of the Company's existing investments within travel loyalty (Club Premier and BIG Loyalty), by improving the performance of existing loyalty solutions assets (Insights and Loyalty Solutions and the Canadian Loyalty Solutions business) and by deploying capital to consolidate the loyalty solutions sub-sector as well as others within the larger loyalty and travel industries. A sector-focused, hands-on approach will be a competitive differentiator that, when successfully executed, will enhance the long-term returns from the capital deployed.

"The thorough analysis undertaken by the Special Committee with management has led us to the firm conclusion that there is a tremendous opportunity available to Aimia at this juncture in the evolution of the loyalty and travel sectors. A strong balance sheet, the ability to react quickly and our unique loyalty and travel sector expertise will differentiate Aimia as a strategic acquirer or investor in these markets over the longer term, while the company's tax assets can provide incremental value to acquisitions, said Bill McEwan, incoming Chairman of the Board of Directors.

"Our capital allocation strategy will be two-pronged: returning capital to shareholders while retaining sufficient financial flexibility to

execute on our strategy, which is expected to deliver very strong returns for the company and its stakeholders."

Evolving Aimia's current operating business

Aimia's existing operating business is a well-recognized, global full-service provider of loyalty solutions for many of the world's leading brands in the retail, CPG, travel & hospitality, and financial services industries, with some client relationships spanning as long as 30 years.

Establishing a solid base in its existing loyalty businesses will be key to the company becoming profitable during 2020. In relation to this, the company will accelerate its transformation, implementing a plan to simplify its remaining businesses and become more efficient with a lean, agile operating structure and a scale of operations that is designed to achieve profitability.

A simpler, next-generation, technology-enabled service offering will continue to help clients solve the real challenges on their journey to capture customer loyalty. Operating expense is expected to reduce further in 2019 as a result of initiatives currently underway to streamline the company's operating systems, consolidate real estate and reassess technology needs. A focus on delivering service to global clients in more than 32 countries from a smaller number of key hubs will contribute to an expected 25% reduction in total Aimia headcount to around 550 employees by the end of 2019.

Pursuing investment opportunities within loyalty solutions

The company intends to pursue initial bolt-on, EBITDA-accretive acquisitions in the loyalty solutions space, which, when executed and integrated, should accelerate a return to growth and generate synergies with its existing operations, and where Aimia can seek to take advantage of its tax assets.

Jeremy Rabe, Aimia's CEO, said: "We are already transforming our loyalty solutions business, focusing on our best technology and clients, to drive a return to profitability off a stable revenue base. The next stage will be adding new clients and profitable businesses through bolt-on acquisitions, leveraging synergies across our existing client delivery resources and technology platforms.

"With loyalty solutions on the verge of the kind of consolidation seen in the broader marketing services space over the last two decades, we see a unique opportunity for Aimia to act as the agent of change within this growing \$2 billion⁽⁵⁾ sub-sector."

Sourcing future transactions in additional sub-sectors

Going forward, Aimia is targeting a limited number of additional sub-sectors within loyalty or travel for consolidation.

Aimia's deep industry knowledge from years of experience as an operator, its extensive brand recognition, and its wide-ranging network will continue to provide meaningful opportunities to source proprietary transactions and will enable Aimia to create unique angles for value creation as it participates in M&A activity in its two core industries.

"As we are successful in consolidating loyalty solutions, we will look to replicate our business model in other sub-sectors of loyalty and travel. These are industries which have experienced double-digit growth over the past three decades, spawning a number of businesses which we believe will be attractive targets for Aimia," said Jeremy Rabe.

The company will follow a disciplined investment process with four principal steps in targeting additional sub-sectors:

- identifying growing sub-sectors within loyalty and travel that are fragmented and ripe for consolidation;
- identifying and acquiring assets within identified sub-sectors that can be utilized as a platform for further investment and growth;
- selecting and adding bolt-on acquisitions within the sub-sector that will be immediately accretive to Adjusted EBITDA; and
- extracting synergies from bolt-on acquisitions to enhance earnings

Capital allocation principles and approval of \$150 million substantial issuer bid

Over the course of the Special Committee's deliberations, Aimia has developed a disciplined set of principles to guide its capital allocation and investment decisions. A robust governance structure and process for the deployment of capital are being put in place to ensure that capital is allocated to investments that would be expected to generate returns well in excess of the Company's low cost of capital.

The Board of Directors also commented on the Company's immediate capital allocation priorities, with the approval of a substantial issuer bid ("SIB") of up to \$150 million to repurchase a portion of its outstanding common shares for cancellation. The company expects to formally commence the SIB by mid-April 2019 with an expiry date occurring before the end of May 2019. Further details will be provided in the coming weeks.

Aimia's management and Board of Directors will review the company's strategy on an ongoing basis with the goal of delivering long-term value to shareholders. Despite the formal termination of the strategic review process, the Board remains committed to creating value for the company and will consider opportunities that may present themselves in the future, including potential further returns to shareholders, depending on all facts and circumstances prevailing at such time.

Aligning the Board and management to changes in strategic direction

Following completion of the Aeroplan transaction, the conclusion of the strategic review and the publication of the company's results for the year ended December 31, 2018, and, consistent with Aimia's stated commitment to Board renewal and ongoing assessment of the appropriate size of the Board, the company has today announced changes to its Board and its Committee Chairmanships as well as changes to the company's management team. It is also announcing its intention to recommend a reduction in the size of the Board ahead of the company's Annual General Meeting, which is expected to be held on June 28, 2019.

Robert E. (Bob) Brown, Chairman of the Corporation since 2008, has informed the company of his decision to retire from the Board, with effect from March 28, 2019. Bill McEwan, who has been a Director of Aimia since 2016, will take on the role of Chairman of the Board.

Bill McEwan has over 35 years of experience in the retail grocery and consumer packaged goods industries, including having spent almost 12 years as president and CEO of Sobeys Inc. and a director of its parent company Empire Company Limited. Under his leadership, Sobeys grew from a \$9 billion to a \$17 billion organization. Since his retirement from that role, he has shared his experience with a number of boards as a director, including as Vice-Chairman of the Supervisory Board of Dutch-based Ahold Delhaize, the international food retailing group.

Roman Doroniuk, a Director of the Corporation since 2005, will also retire from the Board effective March 28, 2019, having spent almost 14 years as Chairman of the Company's Audit, Finance and Risk Committee. Robert (Chris) Kreidler, who joined the Aimia Board in 2017, will assume the Chairmanship of the Audit, Finance and Risk Committee.

Chris Kreidler has held senior financial roles in a number of high profile companies, including six years as Executive Vice President and Chief Financial Officer of Sysco Corp until 2015. Prior to Sysco, his roles included Executive Vice President, Chief Financial Officer and Chief Customer Officer of C&S Wholesale Grocers, and Senior Vice President Corporate Strategy and Treasurer, with Yum! Brands.

"As longstanding members of the Board, Bob and Roman have been conscientious stewards of stakeholder interests. They have guided Aimia through many transformative events over the years and leave as their legacy a strong balance sheet and financial stability, which will allow the company to embark confidently in a new strategic direction, said Bill McEwan.

"On behalf of the Board of Directors and the company, I want to express our sincere thanks to Bob and Roman for their leadership and dedication."

With the appointment of Bill McEwan as Chairman of the Board of Directors, the company has appointed Thomas (Tom) Gardner to succeed Bill McEwan as Chairman of the Human Resources and Compensation Committee.

Tom Gardner joined the Aimia Board in 2016. He spent 15 years at Reader's Digest Association, Inc. (now Trusted Media Brands, Inc.). in a variety of operating leadership roles, including Executive Vice President, President of Reader's Digest International, and President of North American Books & Home Entertainment. Mr. Gardner previously served as a Director of Dex Media and its predecessor company, SuperMedia.

Having seen the company through a critical transition period, Mark Grafton, currently Chief Financial Officer, will be leaving the company. Mark has made a significant contribution to the company since joining in 2007 in a variety of senior finance roles from his base in the UK. He remains fully engaged in his duties through May of 2019 in order to support a smooth handover.

The Board has today also appointed Steven Leonard, currently Vice President Finance and Chief Accounting Officer, as Chief Financial Officer with effect from May of 2019.

In his current role, Steven Leonard is responsible for Aimia's financial reporting and taxation. He has been with Aimia since June of 2010 holding executive finance roles reporting to the CFO. Prior to joining Aimia, Steve worked at Air Canada, Vivendi and Seagram in senior finance roles. Steve has experience in all areas of finance, with particular specialization in transformation, strategic planning and M&A. He has worked within large organizations, in corporate and operating positions, and has international experience working in New York and Paris. Steve represents Aimia on the Board of Premier Loyalty & Marketing (PLM). He is a graduate of Concordia University and is a Chartered Professional Accountant.

"Mark's wide-ranging experience over the course of his 12 years at Aimia has been an incredible asset in my first year as CEO as we shaped a new strategy. He has served as CFO through a time of significant change, helping deliver a solid set of 2018 results, while playing a key role in the negotiations around the sale of Aimia Canada. We wish him well as he takes the next step in his career, said CEO Jeremy Rabe.

"We are delighted to see Steve assume the role of Chief Financial Officer. He brings key skills and deep knowledge of the company's corporate structure and taxation matters that will be critical at this juncture in the company's history."

About Aimia

Aimia Inc. (TSX: AIM) is a loyalty and travel consolidator focused on growing earnings through its existing investments and the targeted deployment of capital in loyalty solutions and other sub-sectors of the rapidly-expanding loyalty and travel markets.

Its investments in travel loyalty include the Club Premier program in Mexico, which it jointly controls with Aeroméxico through its investment in PLM, and an investment alongside Air Asia in travel technology company Big Life, the operator of BIG Loyalty.

Aimia also operates a loyalty solutions business, which is a well-recognized, global full-service provider of next-generation loyalty solutions for many of the world's leading brands in the retail, CPG, travel & hospitality, and financial services verticals.

For more information about Aimia, visit www.aimia.com.

Notes

1. Loyalty membership data sourced from LoyaltyOne, *2017 COLLOQUY Loyalty Census*.
2. World Tourism Organization data, *Yearbook of Tourism Statistics*, Compendium of Tourism Statistics and data files, 1997-2017.
3. World Travel and Tourism Council, *Economic Impact 2018*.
4. Phocuswright data quoted in Deloitte, *Moving the global travel industry forward*, 2017.5.
5. Accuray, *Loyalty Landscape*, April 2017.

Forward-Looking Statements

Forward-looking statements are included in this release. These forward-looking statements are identified by the use of terms such as

"anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and "should" and similar terms and phrases, including references to assumptions. Such statements may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions.

Forward-looking statements, by their nature, are based on assumptions and are subject to important risks and uncertainties. Any forecasts, predictions or forward-looking statements cannot be relied upon due to, among other things, changing external events and general uncertainties of the business and its corporate structure. Results indicated in forward-looking statements may differ materially from actual results for a number of reasons, including without limitation, Aimia's business, the results of operations therefrom and the risks associated therewith are significantly different following the sale of Aimia Canada Inc., the execution of the new strategic plan, investments risks, investment partnerships risks, reliance on key personnel, market price and trading volume of the common shares and preferred shares, industry competition, failure to protect intellectual property rights, technological disruptions and inability to use third-party software and outsourcing, regulatory matters - privacy, failure to safeguard databases, cyber security and consumer privacy, uncertainty of dividend declarations and/or payments on either common shares or preferred shares, tax losses, air, travel and hospitality industry disruptions, airline industry changes and increased airline costs, foreign operations, interest rate and currency fluctuations, retail market/economic conditions, legal proceedings, 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 March 28, 2019, 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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