Aimia Inc.

# Aimia Reports Fourth Quarter 2018 Results

MONTREAL, March 28, 2019 /CNW Telbec/ - Loyalty and travel-focused consolidator Aimia Inc. (TSX: AIM) today reported its financial results for the quarter ended December 31, 2018.

Chief Executive Officer, Jeremy Rabe, commented: "We beat our guidance for 2018, significantly reduced operating expense and dramatically de-risked the business with the sale of Aeroplan. We are now debt-free with significant cash balances.

"Doubling down on our existing areas of expertise in loyalty solutions will be an important element of the strategy we have announced today and accelerating the plans we have in the business should contribute to the company becoming profitable during 2020."

**Strategic highlights:**

- Beat 2018 guidance through a challenging year and exited with significantly reduced operating expense
- Aeroplan transaction closed in January 2019, with favourable working capital at closing resulting in higher than expected gross transaction proceeds of $497 million, up by $47 million
- All outstanding financial indebtedness repaid, with $600 million in available cash post the Aeroplan transaction
- Approximately $65 million in the $100 million restricted cash account related to Canada Revenue Agency tax audit expected to be released to Aimia during 2019
- Stewardship of existing investments strengthened and 2019 PLM distribution to increase to$37 million
- Fractal investment exited at more than 3x original investment
- Conclusion of Special Committee process announced today

**Q4 highlights – Consolidated IFRS basis:**

- Decrease in Net loss to $(126.2) million, from $(214.7) million in the fourth quarter of 2017
- Cash from operating activities at $25.0 million, down $96.1 million as a result of discontinued operations

**Q4 highlights – Continuing operations:**[(1)(2)]

- Gross Billings of $52.4 million, down 3.0%
- Revenue at $36.8 million
- Operating loss at $(63.7) million
- Adjusted EBITDA at $(16.1) million, or $(9.8) million excluding restructuring expense
- $(12.8) million of Free Cash Flow before Dividends Paid 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 in this Press Release.

**Consolidated Financial Highlights**[(1)]

| **HIGHLIGHTS** [(1)] | **Three Months Ended December 31,** | | | |
|---|---|---|---|---|
| *(in millions of Canadian dollars, except per share amounts)* | **2018** | **2017** | **YoY % Change** | **YoY % Constant Currency (C.C.)** |
| **Continuing operations** | | | | |
| Gross Billings | **52.4** | 54.0 | (3.0) | (5.0) |

| | | | | |
|---|---|---|---|---|
| Total Revenue | **36.8** | 47.3 | (22.2) | (23.0) |
| Operating Loss(3) | **(63.7)** | (14.5) | ** | ** |
| Adjusted EBITDA | **(16.1)** | (8.2) | (96.3) | (96.3) |
| **Consolidated (unless otherwise noted)** | | | | |
| Net Loss(3)(4)(5)(6) | **(126.2)** | (214.7) | 41.2 | ** |
| Loss per Common Share - Continuing operations(3)(4) | **(0.98)** | (0.50) | (96.0) | ** |
| Earnings (loss) per Common Share - Discontinued operations(5)(6) | **0.12** | (0.94) | ** | ** |
| Adjusted Net Loss per Common Share - Continuing operations(4) | **(0.51)** | (0.52) | 1.9 | ** |
| Adjusted Net Earnings per Common Share - Discontinued operations(5) | **0.50** | 0.45 | 11.1 | ** |
| Cash from Operating Activities | **25.0** | 121.1 | (79.4) | ** |
| Free Cash Flow before Dividends Paid | **17.1** | 113.8 | (85.0) | ** |
| Free Cash Flow before Dividends Paid per Common Share | **0.11** | 0.75 | (85.3) | ** |

** Information not meaningful

**Performance against 2018 guidance**

Reported results for the year ended December 31, 2018 (on a basis consistent with the guidance originally issued on February 14, 2018, and updated on November 14, 2018) for the year ended December 31, 2018 is presented below:

| | **2018 guidance (4)** | **2018 actual** |
|---|---|---|
| Coalitions Gross Billings | Around $1.3 billion | Coalitions Gross Billings were $1.32 billion |
| Coalitions Adjusted EBITDA (1) margin (%) | Above 19% | Adjusted EBITDA margin of 22.4% |
| Coalitions Free Cash Flow (on a pre-tax basis) (2) | Between $155 million and $175 million | Coalitions Free Cash Flow was $172.3 million |
| Consolidated Free Cash Flow (on a pre-tax basis) (3) | Between $120 million and $145 million | Consolidated Free Cash Flow was $138.5 million. |

1. The 2018 guidance and reported results for the Coalitions Adjusted EBITDA exclude restructuring expenses. Restructuring expenses amounted to $13.7 million for the year ended December 31, 2018.
2. The 2018 guidance and reported results for the Coalitions Free Cash Flow are on a pre-tax basis, and exclude restructuring payments. For the year ended December 31, 2018, Coalitions restructuring payments amounted to $15.2 million and cash income taxes were $22.0 million.
3. The 2018 guidance and reported results for the Consolidated Free Cash Flow (excluding Nectar program discontinued operations) are on a pre-tax basis, and exclude restructuring payments. For the year ended December 31, 2018, Consolidated restructuring payments amounted to $17.8 million and cash income taxes amounted to $21.0 million. Free Cash Flow reported for the Nectar program was $15.3 million.
4. Guidance as updated on November 14, 2018.

**Completion of Aimia Canada sale and use of proceeds**

On January 10, 2019, Aimia announced the completion of the previously announced sale of Aimia Canada Inc. ("Aimia Canada"), the owner and operator of the Aeroplan loyalty program, to Air Canada, pursuant to the share purchase agreement entered into and announced on November 26, 2018 ("the share purchase agreement").

Gross transaction proceeds at closing amounted to approximately$497 million, after initial closing adjustments of $47 million which were primarily related to favourable working capital adjustments relative to the target working capital set out in the share purchase agreement. Aimia does not expect any capital gains tax to be payable on the transaction. The final purchase price remains subject to certain post-closing adjustments, including for working capital and the miles-related redemption liability.

Approximately $308 million of the proceeds received of $497 million were used to repay and terminate Aimia's credit facility and to defease and redeem all of its outstanding Senior Secured Notes, resulting in Aimia no longer having any financial indebtedness.

$100 million of the proceeds are also being held in a restricted cash account established in conjunction with the sale of Aimia Canada Inc. in respect of any re-assessment to be received from the Canada Revenue Agency related to an outstanding audit for the 2012 and 2013 taxation years for Aimia Canada.

Following the closing of the transaction, Aimia received a 'Final letter for the 2012 and 2013 taxation years' from the Canada Revenue Agency, concluding on its audit. Aimia subsequently announced its intention to fund the expected re-assessment amount of approximately $35 million, due on receipt of the re-assessment, from its$100 million restricted cash account and that it intended to challenge the re-assessment. The balance of the approximately $65 million in the restricted cash account would be released to Aimia in accordance with the terms of the share purchase agreement between Aimia and Air Canada.

**Conclusion of Special Committee process**

The company announced the conclusion of its strategic review in a separate release issued today.

**Expectations around financial performance of the company's operating businesses and corporate functions**

Establishing a solid base will allow the existing business to become profitable during 2020. In relation to this, the company will accelerate the transformation of its existing loyalty solutions businesses (Insights and Loyalty Solutions (ILS) and the Canadian Loyalty Solutions business) to be simpler and focused on core technologies and services, as well as to streamline its corporate functions.

The plan being implemented in our loyalty solutions businesses ensures costs are aligned to the future revenue mix with a more efficient service delivery model focused on key delivery hubs for loyalty solutions to improve profitability and generate better returns for our shareholders. Since the end of the fourth quarter, the company has exited its presence in Indonesia, announced a significant management reorganization in ILS and consolidated its presence in Singapore.

Combined with a streamlining of overall corporate costs, total Aimia headcount should reduce by approximately 25% to around 550 by the end of 2019.

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

**Update on investments**

**Club Premier (PLM)**

PLM Gross Billings from Loyalty Units were up 11% toUS$63.3 million in the quarter, while a decline in Adjusted EBITDA to US$14.7 million reflected one-off non-cash charges of US$10 million related to breakage adjustments, due to greater engagement of Club Premier customers in the program. Total members were up 11% to 6.1 million at December 31, 2018.

Lower revenue, attributable to the change in breakage estimate due to greater member engagement, and higher cost of rewards and operating expenses drove a net loss of $(1.0) million for the year ended 31 December 2018.

The PLM investment generated a fourth quarter distribution of $4.6 million (Q4 2017: $4.4 million), reflecting a solid underlying business and a growing member base. Total distributions for the year were $17.9 million (2017: $17.7 million).

Aimia's distributions from PLM are expected to increase in 2019. An exceptional distribution of $19 million has been approved for the first quarter of 2019 and total distributions are expected to approximate $37 million for the year.

Over the course of 2018, Aimia has strengthened its presence on the PLM Board, with the addition of Aimia CEO Jeremy Rabe, who was the founding CEO of PLM, and Aimia appointee Scot Rank joining the PLM Board, alongside Aimia Vice President Finance and Chief Accounting Officer Steven Leonard.

Scot Rank has spent most of his career working in retail and consumer product market in Mexico, leading Walmart Mexico and Central America as President and CEO through a significant growth period and more recently, serving as CEO of Grupo Lala, a diversified value-added dairy based in Mexico listed on the Mexican Bolsa.

**Cardlytics**

A net fair value loss of $56.1 million was recorded in the fourth quarter with respect to the company's stake in Cardlytics, a Nasdaq-listed purchase intelligence company. Aimia's stake was valued at $44.0 million, based on the share price at December 31, 2018. Since the end of 2018, the share price has increased by around 45%, resulting in Aimia's stake being valued at approximately $64 million at the close of trading on March 27, 2019.

**Fractal Analytics**

Over the course of the last quarter, Aimia identified its 2.2% stake in Fractal Analytics as a non-core investment. The sale of the stake was completed subsequent to the end of the fourth quarter. Gross proceeds of USD$7.4M ($10 million), which represent a more than 3x return on the initial investment, have now been received by Aimia.

**Consolidated Segmented Performance for the quarter ended December 31, 2018**

As a result of the completion of the Aimia Canada transaction, the results for the business sold to Air Canada have been reported as a discontinued operation in the company's reported results for the three months and year ended December 31, 2018. The company has also included consolidated segmented operational results to help readers understand the results of the business as it was operated until the transaction completion, which are summarized here.

Consolidated **Gross Billings** were up 1.9% in the fourth quarter to $392.9 million, of which $52.4 million related to Continuing Operations and $340.5 million related to the Aeroplan Program which was sold to Air Canada in January of 2019.

Consolidated **Revenue** was down 6.4% to $334.4 million, of which $297.6 million related to the Aeroplan program which was sold to Air Canada in January of 2019.

Consolidated **Adjusted EBITDA** was $84.9 million or 21.6% of Gross Billings, compared to $66.1 million or 17.1% in the prior year. Excluding restructuring, Adjusted EBITDA was $91.3 million, or 23.2% of Gross Billings.

**Operational Performance (Continuing Operations) for the quarter ended December 31, 2018**

**Gross Billings** were $52.4 million, down 3.0% or $1.6 million, driven by a $2.2 million decrease in the Insights and Loyalty Solutions business to $42.4 million, offset by a $0.7 million increase in the Coalitions division.

The $2.2 million or 4.9% decrease in **Insights and Loyalty Solutions** represented the net impact of higher Gross Billings from Loyalty Units at Air Miles Middle East and lower Loyalty Services Gross Billings.

**Revenue** was $36.8 million, of which $26.4 million was recorded in Insights and Loyalty Solutions. A$0.7 million increase in the Coalitions revenue was offset by an $11.2 million decline in the Insights and Loyalty Solutions business, due to client losses and lower set up fees, as well as a revised estimate with a smaller program partner and lower redemption volumes in the Air Miles Middle East Program.

Excluding $30.4 million of impairment charges recorded in the quarter related to the Middle East loyalty solutions and International ISS businesses, **operating expenses** of $63.0 million were up by $7.6 million against the fourth quarter of 2017, when a non-recurring contingent consideration reversal of $4 million related to the Air Miles Middle East business was recorded. The increase in severance expense of $4.0 million and a $3.5 million increase in share based compensation charges also contributed to the increase in operating expenses before impairment charges.

Lower revenue and higher operating expenses were the main drivers of the higher **Operating Loss from Continuing Operations** of $(63.7) million**. Adjusted EBITDA** in the quarter was $(16.1) million, compared to $(8.2) million in 2017 mainly as the result of higher operating expenses.

Total headcount was 1,486 at December 31, 2018, down by around 25% compared to December 31, 2017, as a result of business disposals and business transformation. After accounting for the transfer of employees to Air Canada under the terms of the Air Canada sale, Aimia's employee headcount stood at approximately 750 and has since further reduced to approximately 640 at the end of February 2019.

**Free Cash Flow before Dividends Paid**

**Free Cash Flow before Dividends Paid** was $17.1 million, compared to $113.8 million in the prior year. The variance is mainly explained by a decrease of $108.9 million related to discontinued operations (including Aeroplan and Nectar). Free Cash Flow before Dividends Paid per Common Share was $0.11.

**Free Cash Flow before Dividends Paid** from Continuing Operations was $(12.8) million, including capital expenditures of $1.8 million and restructuring payments of $0.9 million. This compared to $(25.0) million for the same period in the prior year, with the $12.2 million favourable variance largely explained by an $11.4 million increase in cash from operations.

**Balance sheet, share data and dividends**

Cash, cash equivalents and investments in corporate and government bonds were $554.8 million at December 31, 2018.

At closing of the Aeroplan transaction on January 10, 2019, all assets and liabilities related to Aimia Canada, including the $1.9 billion related to the cost of future redemption, transferred to Air Canada, significantly de-risking the balance sheet. Post transaction close (based on the December 31, 2018, balance sheet), Aimia had cash, cash equivalents and investments in corporate and government bonds of approximately $600 million, in addition to restricted cash of $129 million.

At December 31, 2018, there were 152.3 million outstanding common shares and 12.9 million outstanding preferred shares.

On February 25, 2019, Aimia announced the payment of outstanding declared and accrued dividends in the aggregate amount of $65.2 million, to be paid on March 29, 2019. Payments for the declared dividends to common and preferred shareholders amount to an aggregate of $34.7 million. The cumulative accrued, undeclared and unpaid Preferred Share dividends at December 31, 2018, together with the quarterly dividend for the first quarter of 2019 on all series of Preferred Shares, amount to an aggregate of $30.5 million.

**Quarterly Conference Call and Audio Webcast Information**

Aimia will host a conference call to discuss its fourth quarter 2018 financial results at 8:30 a.m. EST today (Thursday, March 28, 2019). The call will be webcast at:
https://event.on24.com/wcc/r/1860320/B37E1B496C7C065B71E2ACB09D21E96F

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 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, Adjusted Net Earnings (Loss) 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 excluding discontinued operations.
3. Operating Loss, Net Loss and Loss from continuing operations per Common Share for the three months ended December 31, 2018 include an impairment charge of $20.4 million related to the International ISS business and an impairment charge of $10.0 million related to the Middle East loyalty solutions business.
4. Net Loss, Loss from continuing operations per Common Share and Adjusted Net Loss from continuing operations per Common Share include net fair value losses related to investments in equity instruments of $49.6 million for the three months ended December 31, 2018 and $57.4 million for the three months ended December 31, 2017.
5. Net Loss, Earnings from discontinued operations per Common Share and Adjusted Net Earnings from discontinued operations per Common Share include the impact of the loss of $3.8 million recorded during the three months ended December 31, 2018, related to the disposal of the Nectar Program and related assets.
6. 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 Program and related assets.

**Appendix**

**The highlights for the year ended December 31, 2018 are as follows:**

| **HIGHLIGHTS** (1) | **Years Ended December 31,** | | | |
|---|---|---|---|---|
| *(in millions of Canadian dollars, except per share amounts)* | **2018** | **2017** | **YoY % Change** | **YoY % Constant Currency (C.C.)** |
| **Continuing operations** | | | | |
| Gross Billings | **201.2** | 262.5 | (23.4) | (23.6) |
| Total Revenue | **167.1** | 232.1 | (28.0) | (28.1) |
| Operating Loss (3)(4) | **(134.7)** | (110.1) | (22.3) | (21.3) |
| Adjusted EBITDA (4) | **(57.0)** | (78.7) | 27.6 | 27.7 |
| **Consolidated (unless otherwise noted)** | | | | |
| Net Loss (3)(4)(5)(6)(7)(8)(9)(10) | **(72.0)** | (270.5) | 73.4 | ** |
| Loss per Common Share - Continuing operations (3)(4)(5)(6)(8)(9) | **(1.18)** | (1.31) | 9.9 | ** |
| Earnings (loss) per Common Share - Discontinued operations (7)(10) | **0.59** | (0.58) | ** | ** |
| Adjusted Net Loss per Common Share - Continuing operations (4)(5)(6)(8)(9) | **(0.73)** | (1.34) | 45.5 | ** |
| Adjusted Net Earnings per Common Share - | | | | |

| | | | | |
|---|---|---|---|---|
| Discontinued operations[7] | **1.66** | 1.74 | (4.6) | ** |
| Cash from Operating Activities[11] | **141.8** | 239.4 | (40.8) | ** |
| Free Cash Flow before Dividends Paid[11] | **115.0** | 196.0 | (41.3) | ** |
| Free Cash Flow before Dividends Paid per Common Share[11] | **0.76** | 1.26 | (39.7) | ** |

** Information not meaningful

**Notes**

1. Non-GAAP financial measures (Adjusted EBITDA, Adjusted Net Earnings (Loss) 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 excluding discontinued operations.
3. Operating Loss, Net Loss and Loss from continuing operations per Common Share for the year ended December 31, 2018 include impairment charges amounting to $28.4 million related to the International ISS business and an impairment charge of $10.0 million related to the Middle East loyalty solutions business.
4. Operating Loss, Adjusted EBITDA, Net Loss, Loss from continuing operations per Common Share and Adjusted Net Loss from continuing operations per Common Share for the year ended December 31, 2017 include the unfavourable impact of the onerous contract provision of $20.3 million related to an IT outsourcing arrangement in the US.
5. Net Loss, Loss from continuing operations per Common Share and Adjusted Net Loss from continuing operations per Common Share include net fair value losses related to investments in equity instruments of $3.1 million for the year ended December 31, 2018 and $57.4 million for the year ended December 31, 2017.
6. Net Loss, Loss from continuing operations per Common Share and Adjusted Net Loss from continuing operations per Common Share for the year ended December 31, 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 Loss, Earnings from discontinued operations per Common Share and Adjusted Net Earnings from discontinued operations per Common Share for the year ended December 31, 2018 include the impact of the gain of $1.6 million on the disposal of the Nectar Program and related assets.
8. Net Loss, Loss from continuing operations per Common Share and Adjusted Net Loss from continuing operations per Common Share for the year ended December 31, 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. Net Loss, Loss from continuing operations per Common Share and Adjusted Net Loss from continuing operations per Common Share for the year ended December 31, 2017 include the loss of $19.9 million on the disposal of the Canadian Air Miles trademarks and a related net income tax expense of $1.2 million.
10. 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 Program and related assets.
11. 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, 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. (TSX: AIM) is a loyalty and travel consolidator focused on growing earnings though 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.

**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 10 for a complete definition on all non-GAAP financial measures and page 21 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 21 of the Management Discussion & Analysis (MD&A) for the three and twelve months ended December 31, 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.*

**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 21 of the Management Discussion & Analysis for the three and twelve months ended December 31, 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 Adjusted EBITDA) 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 March 28, 2019. 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, 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, investment 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 this MD&A and 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.*

*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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