AIMIA INC.

FOURTH QUARTER 2018

RESULTS CONFERENCE CALL

MARCH 28, 2019

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PRESENTATION

Operator

Good morning. My name is Chris, and I will be your conference operator today. At this time, I would like to welcome everyone to the Aimia Inc. Fourth Quarter Results Conference Call. (Operator Instructions)

Thank you. Karen Keyes, Head of Investor Relations, you may begin your conference.

Karen Keyes - Aimia Inc. - SVP of IR

Thank you, Chris, and welcome, everyone, to this morning's call. Today's presentation can be found on our website. Before we get underway, I'd like to remind everyone to review our forward-looking statements and the cautions and risk factors pertaining to the statements, which can be found on Slide 2 of the Q4 highlights presentation.

The presentation refers to a number of non-GAAP metrics to help you better understand the results of the business. The definitions of these metrics and the reconciliations to their most comparable GAAP metric can be found on Pages 3 and 4, along with a full GAAP income statement on Page 5. And finally, Slide 6 will give you a helpful summary of the key metrics for the business going forward, many of which we will touch on in today's call.

With me on the call today are speakers Jeremy Rabe, our Chief Executive Officer; and Mark Grafton, our Chief Financial Officer. You will have seen that this morning, we announced that our Vice President and Chief Accounting Officer, Steve Leonard, would assume the role of CFO for May. And we're delighted to have Steve in the room as well.

As you will have seen this morning, we announced the conclusion of our strategic review and the new strategy for Aimia. We'll use the first half of today's call to take you through the highlights of 2018 and the highlights of the strategy. Mark will take you through the summary of the key operational and financial metrics for the continuing business for the quarter and the year. We'll leave time at the end for the analyst questions and will aim to wrap up the call in about an hour.

With that, let me hand you over to Jeremy.

Jeremy Rabe - Aimia Inc. - CEO, President & Director

Thanks, Karen. 2018 was a busy year, filled with lots of transformational events for the company. And as you will have seen, 2019 promises to be another transformative year as we start to put in place the crucial building blocks for our new strategy. I'm really excited to talk to you through those. But before I do, let's just touch briefly on what we're able to accomplish in 2018.

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First and foremost, we managed the business to a great result, beating the updated guidance we set in November on adjusted EBITDA and continuing to take cost out of the business to finish at the high end of our guidance on free cash flow. In addition to closing out Q4, much of late 2018 and early 2019 has been focused on closing the Aeroplan transaction. While we will no longer own the Aeroplan business, the completion of the Aeroplan sale was a good outcome for our stakeholders and the right thing to do.

The proceeds from the sale were $47 million higher than the initially announced purchase price for a total consideration of $497 million. The transaction means that the business has been dramatically derisked, transferring the points liability to Air Canada and leaving us debt-free with $600 million of available cash on the balance sheet and a further $100 million of restricted cash, some of which we now expect to be released further to the finalization of the CRA audit in February.

Delivering improved returns and cash generation from the company's other assets and investments has been a priority since I joined in May. And in 2018, we significantly strengthened our stewardship of investments in PLM and BIG. We are today announcing a doubling of the expected distributions from PLM in 2019 to $37 million. We're also announcing the monetization of our stake in Fractal at more than 3x our initial investment. And while there's still work to do, we've built a clear plan for profitability in the loyalty solutions business as well as setting out an exciting plan for the future of Aimia.

Before I get to that, let me touch quickly on where we landed against guidance for the business that included Aeroplan. Q4 was a good result with strong margins on the back of the actions we have taken. And gross billings is up 2%. For the full year, we landed even higher than the guidance we have set. Coalitions gross billings were over $1.3 billion. Conversion campaigns and solid spend on Aeroplan financial cards were factors, along with the Q4 billings associated with the minimum contractual commitment at Aeroplan.

Adjusted EBITDA margin was 22.4%. And cash before tax and severance also came in strong at $172 million for Coalitions as redemptions slowed and at $139 million on a consolidated basis with the ILS result in line with expectations. So all in all, a great past few months with lots of positive momentum building into 2019, for which we have to thank all of the employees who worked so hard to deliver these results.

So let me now move on to cover our new strategy. 2019 will be a transformational year for Aimia, establishing a solid base from which we plan to play a role as a consolidator in the loyalty and travel industries that we've announced as our strategy today. We also see an opportunity in the context of our current share price and substantial cash and investments to return capital to shareholders while ensuring sufficient financial flexibility to implement this strategy. And we have, therefore, announced this morning the board's approval of a substantial issuer bid of up to $150 million.

Let me spend a few minutes now on why the new strategic direction we have announced is an exciting opportunity to add more value and how we have arrived at that conclusion, that this would be the best return for the company and the shareholders. The board's committee of independent directors, under the leadership of Bill McEwan, looked at all the options to maximize the value of the assets we have and to deploy the sizable capital on our balance sheet.

We had discussions on everything, ranging from winding down the business to an intense discussion around Aimia forming the base of a broader investment vehicle. Being a forced seller of assets over an extensive period of time with significant wind-down costs and unutilized tax assets would have resulted in substantial value destruction for the company. On the other end of the spectrum, holding companies that are open-ended investment vehicles with unrelated assets in disparate industries are rarely given full value.

We concluded that there was more to be done to maximize the value of the assets we have today and that there is a gap in the market with respect to knowledgeable strategic investors in the loyalty and travel space. We also considered increasing evidence that specialized, sector-focused investors can generate higher returns. And the sectors we know well, loyalty and travel, are vast and growing markets, whose fragmented nature provide a wealth of opportunities for consolidation. It was those things that led us to this conclusion that Aimia should play a role as a consolidator in the loyalty and travel spaces we already operate in.

So Aimia will continue to be a loyalty company that does M&A and not an investment company with some loyalty assets. We are confident that this strategy is aligned with the interests of all shareholders. We're advantaged in our role as a consolidator as we bring some key assets to the table. First, we bring recognized leadership and brand awareness in the loyalty solutions subsector, which will allow us to engage with business

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founders and build a level of trust and cooperation. We'll bring a client roster and technology platforms that can be combined to generate synergies. We'll bring a wide-ranging network that allow us to source deals faster and expertise that will allow us to filter, evaluate and close deals smarter. Our strong balance sheet, long-term approach and ability to add operational expertise will help solidify the value to be unlocked and help us be nimbler in our activities.

So where will we focus? Marketing services is a $900 billion industry. And a component of that, which touches on loyalty, has been variously sized at anywhere from $25 billion to $75 billion. Despite having exited our position as an operator in coalition loyalty, we are a reasonably sized and well-recognized player in the loyalty solutions subsector. Travel and tourism is an even larger industry at $2.3 trillion. It's estimated as representing around 10% of GDP if you include indirect spend. So our investments lie well outside the heavily capital-intensive areas. But we have 2 meaningful investments in travel and loyalty.

While most people recognize the vastness of these industries, an often overlooked factor is how fast they have continued to grow. Like the advertising industry, which has experienced significant disruption and consolidation over the last few decades, the technological innovation and disruption in both travel and marketing over the last few years has left a wealth of local businesses that need to expand, startups that have stalled and smaller businesses, whose founders are ready for monetization.

Many of these are not publicly traded, not sufficiently global and therefore not the natural hunting ground of investment banks and private equity. They provide obvious opportunities for Aimia to extend its knowledge into near subsectors. And North America, where we may benefit from the use of tax assets, is a natural starting point for us to identify targets.

Loyalty is a sector we know well and where we have a long legacy. Those of you new to the loyalty industry may not be aware that loyalty memberships, which is the often-used proxy for the size of the industry, continue to experience double-digit growth. Loyalty memberships have grown around $4 billion in the North America alone, of which around $175 million are in Canada, the fact of loyalty program users often having between 10 and 15 cards associated with programs in the air, hotel and retail space.

Many of these programs struggle to maximize the value they can offer to consumers relative to Coalitions. And we think our expertise in this space is unique, given our history. And behind each of these programs, there needs to be work around platforms, technology program design and liability management. Aimia is one of the few companies with an understanding of coalition and proprietary program management that are credible and present globally in the space. And we see lots of opportunities to consolidate here.

Turning to travel now. Our competency today is around understanding how to manage the data in travel loyalty programs and how to get consumers engaged. As you think about how the travel industry functions, our goal would be to identify subsectors tangential or relevant to the expertise we already bring. And while we have no desire to compete with big OTAs or airlines in the B2C space, we could, for example, leverage the OTA business we already operate in Canadian Loyalty Solutions to drive value to others who want to offer travel rewards as part of a redemption offering. Through our historic relationships with airlines and others across the travel ecosystem, we're well connected to people who play in travel globally. And we understand some of the challenges they face. Our investments alongside Aeromexico and Air Asia will continue to give us a strong base here.

There are lots of B2B players who would also value the contacts we bring. For example, suppliers of airlines and hotels usually have complicated business development processes and long sales cycles. And reaching scale can be difficult due to lack of contacts at the right level within the travel industry. We believe there will be opportunities for Aimia to help companies with commercial innovation in this space to get traction across the very geographically dispersed travel industry.

Deploying new capital and subsectors within loyalty and travel will be in 1 of 2 forms, either adding smaller bolt-ons to maximize the profitability of the existing subsectors or adding new core subsector platforms on which to diversify and grow over the longer term. This will be alongside the maximizing of the performance of our existing investments in PLM and BIG and improving the profitability of our existing loyalty solutions business. Our corporate function will be lean and reoriented to an investing and oversight role. The company's sector focus will differentiate it as a buyer. And a clear four-step process for allocating capital will start with the identification of a subsector that can serve as a platform for growing earnings.

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The investment process for each company considered will be based on inbound approaches and systematic origination through sector analysis and mapping to identify well positioned adjusted EBITDA-accretive targets; rigorous identification of risks and the potential mitigations; and conservative identification of where value can be created through cost and revenue synergies. This disciplined approach will also help identify when to walk away from deals.

Aimia's investment committee will play an important role in governing the capital allocation, deal negotiation and value creation plan. We'll not be making risky investments in unproven ideas outside of our core areas of expertise. Rather, we will use a disciplined approach to buying adjusted EBITDA-accretive and cash flow-generative businesses in subsectors where we are global experts and focusing on highly realizable synergies, such as overhead consolidation and applying our tax assets.

Profitable services businesses with a diversified and growing recurring revenue base trade at stronger adjusted EBITDA multiples. The goal for Aimia will be growing our earnings base sustainably to allow us to achieve those multiples. Doing so will require us to generate profitability in our existing business and get revenue growth when we get there; achieve synergies when we do bolt-on acquisitions; add larger, profitable new subsector business; and generate higher distributions from existing investments.

So having walked you through how we see our business evolving over the longer term, let me come back to how we will be able to add value in the near term around our current investments in our existing business. In July of 2018, we made a clear statement that our stake in PLM, a business which has generated adjusted EBITDA of $78 million in each of the last 2 years, was worth far greater than the $180 million offered for our stake. However, for value to be surfaced, Aimia needs to be playing a more active, hands-on role.

With this in mind, we've strengthened our participation at the PLM board. I am now bringing my experience as founding CEO while our other 2 seats on the 9-person board are occupied by Steve Leonard and Scot Rank, who we nominated to the board in January. Scot has deep knowledge of Mexico, having spent most of his career working in the retail and consumer product market in the country. His time leading Walmart Mexico and Central America as President and CEO was one of the most significant growth periods for the company. He is well connected and commands wide respect across the Mexican business community, including from some of Aeromexico's key shareholders. As we've already highlighted, our discussions at the board have already contributed to a meaningful increase in the distribution we expect to receive this year.

In Asia, BIGLIFE, which is the entity we are invested in, which operates BIG Loyalty, is focused on how to best leverage its travel technology platforms. And we're engaging more fully there as well. It is this hands-on approach to maximizing operating performance with dedicated Aimia executives to assist with the strategic program development and sharing of knowledge and best practices across Aimia companies that we expect to deliver long-term value. Our corporate structure will be organized to ensure that can happen. And we know from initial feedback we've had from PLM that this should be a positive for the management teams with which we interact.

Finally, let me come back to our existing business, where we have proven credentials and a strong brand recognition as a leader in the space. At around $170 million of revenue in 2018, Aimia's loyalty solutions business is a solid platform in a $2 billion industry that's estimated to be growing at 21% compounded annually from 2018 to 2025. In a highly fragmented loyalty solutions subsector, we have a solid starting point. And while there are other names that are well recognized here, many of you will know players, like Kobie and Brierley, for example, we are unique in our reach across the product spectrum, doing everything from strategy and program design to analytics and operations.

We work with some of the world's biggest brands. And many of them have been with us for years. So we have deep understanding of what clients want to see in sophisticated programs and platforms. And we have a global presence, which sees us face into a number of smaller players locally. That gives us an unparalleled ability to identity areas where we could consolidate.

And while the business has been challenged of late due to uncertainty related to Aeroplan, we believe that the transformation we have underway will position us well for cost and revenue synergies going forward. Our plan is based on continuing to be global in our service delivery but doing it from fewer hubs and leveraging the technology investments that are already working across the broadest set of clients.

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We've delayered our management team and honed our focus on what we see as real organic revenue opportunities for Aimia. Bolt-ons should then allow us to reach into more clients. We've already made significant investments in this business. With the right bolt-ons, we expect to scale our shared cost in technology platforms across more clients with richer feature sets and functionality while still generating better margin.

And with that, I'll hand it over to Mark.

Mark David Grafton - Aimia Inc. - CFO

Thanks, Jeremy. So let me take you through the continuing business and balance sheet items that will help as you think through our new strategy.

In the businesses we continue to own and operate post the Aeroplan sale, gross billings were down 3% in Q4. We benefited from a stable performance in the Canadian Loyalty Solutions business while ILS was down 5% despite a boost in the quarter from the unwinding of a billings provision in the Middle East business, where we had expected pricing under a new HSBC contract to come into play earlier. Client losses and lower new business wins earlier in the year as we went through the Aeroplan uncertainty and some revised contract terms were the main factors at play here.

Reported operating expenses included higher severance and share-based compensation this quarter. Along with the $4 million benefit of a contingent consideration reversal that we flagged in the fourth quarter of last year, normalizing for these items and excluding impairments recorded in the quarter, you will see that OpEx for the quarter was down 7% on last year to $53 million. On the same basis, adjusted EBITDA also improved on last year due to the operational efficiencies we continue to deliver. Free cash flow also improved, partly as a result of lower CapEx.

So where did that leave us for the full year? On a continuing operations basis, excluding the $45 million recorded in 2017 when we still owned the Channel and Employee Loyalty business, gross billings were down 7%. On the same basis, full year revenue was down 12%. Given the changes in our business, we expect to focus on the revenue metric going forward. And we have therefore provided a view of the shape of the revenue in the business for 2018 on Slide 29.

Of the $167 million of revenue we delivered, revenue was broadly stable at around $37 million in the Canadian Loyalty Solutions business, where we continue to deliver services through Aeroplan and our loyalty programs to Canadian banks. The remaining $130 million was in ILS, which was down 16%, but where we continue to stabilize our base, providing loyalty solutions to some of the world's leading brands in the retail, CPG, travel and hospitality and financial services sectors.

These businesses represented an adjusted EBITDA loss of around $57 million for the full year on a reported basis. Approximately $35 million was in the ILS business, partly offset by the PLM distribution. The remaining $40 million was previously reported in the Coalitions division and is the combined total of corporate expense and the Canadian Loyalty Solutions business, which was a positive contributor to adjusted EBITDA.

So let me now turn to the 2 elements that will be key to understanding profitability of the business in the coming year and the investments we have today. Starting with the progress we are making in reducing operating expense, on a normalized basis and excluding OpEx related to disposed business, operating expense was around $209 million for the year. As you would expect, loyalty solutions represented the bulk of this number at around $140 million. As we have said before, there is more work to be done to align this number to the revenue we are generating. Corporate OpEx was around $40 million for the year and Canadian Loyalty Solutions was the smallest component at around $20 million.

As you can see from the pie chart, FTEs represent the bulk of our cost, along with IT. The focus of the plan we are implementing is on doing things smarter and looking at the opportunities we have to reduce IT costs as we revisit our IT contract as part of the separation from Aeroplan. Despite some quarterly variances, the average OpEx run rate has gone down significantly in 2018 as we transition to a lower cost base. In the ILS business, we have now exited Indonesia, have streamlined our presence in Singapore and India, reduced the size of the management team globally and have plans to transition clients to more profitable technology solutions over time. The financial benefits will start to come through from the second quarter of this year. We also now have a much leaner corporate team.

In order to help you better understand the transition we are effecting in the business and the severance expense we are incurring, we have added a line showing how our FTE count has trended over the last 14 months. As you can see, excluding the Aeroplan and Nectar businesses, we started

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2018 at 893 FTEs and ended at approximately 750. At the end of February, that had reduced further to 640. Further reductions in 2019 will be driven by a more efficient service delivery model and IT initiatives. We expect headcounts across the course of the year to reduce by around 25% to 550 FTEs at the end of 2019. With the sale of Aeroplan, the contributions from investments becomes a more meaningful component of Aimia's results.

PLM results continue to be strong despite the shorter-term macro and capacity headwinds that Aeromexico highlighted on their call. In the fourth quarter, gross billings grew 11% to USD 63 million. Registered members were 6.1 million at the end of 2018, up 11% compared to the same time last year. For the full year, gross billings were up 13% year-on-year to USD 244 million. The positive demographic trends in Mexico continue to bode well for our investment in PLM. Over the long term, we remain committed to maximizing the value this investment.

With a reduction in the breakage rate as a result of higher member engagement at Club Premier, a charge of $10 million was taken against adjusted EBITDA in the quarter to reflect the impact of the lower breakage rate for the full year. This was a revision of an accounting estimate and there was no cash flow impact. Without this, full year adjusted EBITDA would have increased by around USD 11 million versus the prior year. Even with this adjustment, PLM adjusted EBITDA margin was strong at 32% for the full year.

The financial performance at PLM continue to contribute positively to Aimia's adjusted EBITDA in the form of distributions at $18 million for 2018, which flow through the Coalitions' numbers. Distributions from PLM have remained static for a number of years whilst at the same time the business has continued to grow strongly. As Jeremy mentioned, we expect that to change in 2019. And we expect 2019 distributions to double to around $37 million, starting with a one-time special distribution to Aimia of $19 million in Q1.

Even without acquisitions, we see this business on a path to achieve profitability during 2020. We are highly confident in this plan to transform Aimia's loyalty solutions business into a more valuable asset but recognize that we will need to incur restructuring costs to effect the transformation in 2019. Certainty around in Aimia's future direction and our willingness to invest should slow revenue decline in the short term and create new revenue opportunities while the low operating cost base will mean our underlying adjusted EBITDA loss should improve significantly in 2019, establishing a solid base from which to build.

Let me just touch briefly on a few factors that will influence cash in addition to the incremental PLM distributions we expect to receive. Interests should see a favorable $20 million swing from being a net expense to a net inflow. Cash interest payments were $21 million in 2018, offset by around $10 million of interest income. In 2019, interest payments will reduce to close to 0, reflecting our debt-free status. We also expect a decrease from 2018 CapEx levels of around $10 million as capital expenditures in ILS will be mainly expensed in 2019.

Finally, as Jeremy has highlighted, the Aeroplan transaction has left us with a strong balance sheet that becomes a significant asset as Aimia embarks on a new strategy. The $497 million of proceeds we received from the Aeroplan sale left us with a debt-free pro forma balance sheet, reflecting cash and investments of $600 million and restricted cash of $129 million after the repayments of $322 million of financial indebtedness and transaction and termination-related fees. This restricted cash number includes the $100 million of the proceeds that were set aside for any eventual reassessment of our outstanding CRA 2012 and 2013 tax year audits.

The letter in February, advising us that we will be assessed for the matter of approximately $35 million, was a positive development. Although the formal reassessment is yet to be received and it remains difficult to predict timing, we expect this to result in a release of $65 million of the restricted cash to available cash in 2019. And should we be successful in any eventual challenge to any reassessment, any amounts that were remitted to the CRA from the $100 million restricted cash account would also be returned to Aimia. We have solid grounds to believe we will prevail in this challenge, but it may take some time.

With shareholders having voted a reduction in the stated share capital in January, we were also able to release the payment of all outstanding accrued and unpaid dividends related to 2017 and 2018 as well as the March 2019 preferred share dividends, which will result in a payment of $65 million tomorrow. And finally, having identified our 2.2% stake in Fractal as a non-core investment in the course of the past few months, we were pleased to exit that position at more than 3x our initial 2015 investment with proceeds of $10 million now having been received.

While we have yet to finalize the completion accounting for the Aeroplan transaction, we can confirm that we expect to generate a sizable capital loss in Canada in the region of $400 million that will add to the accumulated operating tax losses of $65 million in the U.K. and around $180 million

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in the U.S. These are potentially important differentiator in any M&A going forward, although there are complex rules governing the utilization of tax losses, which differ from country-to-country, which may limit their application in certain circumstances.

So to conclude my piece, we believe we have landed in a good place with a strong balance sheet, some great assets and a plan being executed, which has taken significant cost out already.

And with that, let me hand back to Jeremy.

Jeremy Rabe - Aimia Inc. - CEO, President & Director

Thanks, Mark. We're implementing a plan with a view that our balance sheet and our low cost of capital will be a differentiator for Aimia. However, that does not preclude us from returning some cash to common shareholders by way of a share buyback. In light of the current share price levels, we believe that undervalue our substantial assets, we intend to return up to 25% of our $600 million of available cash to shareholders by way of a substantial issuer bid. The bid is expected to launch in mid-April and complete before the end of May.

So to conclude, we've come off a transformational year with a strong balance sheet and a solid plan for Aimia as a leading loyalty and travel consolidator. To recap, our focus will be on: firstly, returning our existing business to profitability during 2020; second, adding value to our current investments; third, generating returns above our cost of capital through new investments; and finally, returning capital to shareholders. We look forward to sharing our progress with you during 2019.

With that, let me turn it over for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from Brian Morrison of TD Securities.

Brian Morrison - TD Securities Equity Research - Research Analyst

Question on the OpEx, you threw out a lot of numbers there. And you mentioned ILS of $140 million last year, corporate, up $40 million. I realize the understanding is to drive this down, including FTE reduction. Can you just provide a ballpark of the dollar value reduction for 2019 relative to last year?

Mark Grafton - Aimia Inc. - CFO

I think as we've showed, the main areas where we have that cost is around FTEs. And we've guided to a 25% reduction through 2019 on that. And we're also looking to take out a chunk of IT cost. And we've got an opportunity to renegotiate our contracts on that. So I'm not going to put a specific number on it. But we've said the profitability of that business is going to improve significantly during the course of 2019. And so you should expect to see the number come down significantly.

Brian Morrison - TD Securities Equity Research - Research Analyst

From a free cash flow perspective, we should be slightly negative than in 2019 is what I'm taking.

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Mark David Grafton - Aimia Inc. - CFO

I mean, look, yes, I mean, if you look at what we've reported for sort of 2019 -- for 2018 on a continuing basis, I think on Slide 6 of the slide deck shows that. I take that as your starting point and be thinking about significant reductions in operating costs. From a cash perspective, the $20-plus million of interest that we paid in 2018 won't be there. You've got the increased PLM distributions. So I think they're the building blocks that you should think about and also the CapEx is going to come down. More of the CapEx is going to be treated as OpEx. But even taking that into account, we still expect the profitability to improve significantly.

Brian Morrison - TD Securities Equity Research - Research Analyst

Okay. Jeremy, high-level question. I understand the argument of being a better consolidator relative to competition. Clearly, from your slides, it shows that a significant opportunity available to you. But why are you better positioned to do this than, say, 5 years ago, when you were active with M&As? Is it because of management and the tax assets that are now available to you?

Jeremy Rabe - Aimia Inc. - CEO, President & Director

Yes. I mean, I think it's a variety of things. I mean, our cash balances today, I think, are pretty interesting. So that provides us with a lot of flexibility. It provides us the opportunity to move quickly. If you look at the global distribution of our business, that's clearly an advantage. The brand is there. I think the management team, we have a mix of kind of people that have been around a while and seen a lot of the things that Aimia has done over time. And we also have quite a few new people around with experience that they bring from other companies and other past lives, right?

So I think that, combined with the tax assets that you mentioned. And just frankly I think it's a bit of a different philosophy with regards to M&A. If you kind of look at the past way in which Aimia did M&A, a lot it was around maybe acquiring a particular feature or capability. And going forward, it will be much more kind of with the financial add-on and with a mind to harvesting highly realizable synergies with our existing platform businesses. So I think those were probably the differences.

Brian Morrison - TD Securities Equity Research - Research Analyst

Okay. Last question, if I can squeeze in, just in terms of your investment in Cardlytics, I'm not sure it looks -- looking at your new strategy how this fits in with the monetization that now complete with it being a public company. Just maybe clarify your view on this holding.

Mark David Grafton - Aimia Inc. - CFO

Yes, I mean, Cardlytics is a business that we know very, very well. We like the business. We like the management team. It's been great to see them through the course of 2018 make some pretty major announcements in terms of significant new clients into that business. So as I say, it's a business that we like and we'll continue to monitor that.

Operator

Your next question comes from Drew McReynolds of RBC.

Drew McReynolds - RBC Capital Markets, LLC, Research Division - Analyst

A couple of follow-ups for me. Jeremy, just in terms of a time frame here in redeploying through tuck-in acquisitions. Clearly, you're not going to push the string if you want to add value to shareholders. But at the same time, you don't want cash burning the pocket. So to what extent are you along the curve of identifying opportunities out there?

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Jeremy Rabe - Aimia Inc. - CEO, President & Director

Yes, Drew, so we obviously haven't been out there doing a lot of proactive stuff over the past few months. We've been pretty focused on our existing business and developing the new strategy and closing the Aeroplan transaction. Having said that, we do receive a fair amount of inbounds and we do have a pipeline. And there's a number of things in the pipeline that look like interesting opportunities that we're exploring. Part of the way that we're going to approach this is we have to be highly disciplined about how we do this. There's -- you can do M&A inappropriately or inefficiently. And I don't want to have any kind of pressure, a gun to my head, with regards to trying to do a deal quickly just to deploy cash. So we're going to make sure that any deals that we do are going to be businesses that are -- that we see that we can create value, that have synergies with our existing businesses, that are cash flow-positive, that are EBITDA-accretive.

And we're setting up now, I'd say, a very disciplined process by which we're going to look at those with the investment committee and how we're going to kind of filter through different opportunities over time. And I'd say that we have a really interesting advantage here in terms of being able to source proprietary deals. We have an employee base of over 500 employees spread across the globe that have been working in loyalty for quite some time. And so those industry contacts and a lot of the players, particularly with the bolt-on stuff, these are smaller players. And so having those kind of long-term industry relationships, I think, is going to be really key in sourcing these proprietary deals.

Drew McReynolds - RBC Capital Markets, LLC, Research Division - Analyst

Okay. Maybe a question for Mark. On the financial side in terms of restructuring cost to pencil in just back to Brian's point on trying to square off a free cash flow number for '19, what kind of cash restructuring cost should we pencil in for this year?

Mark Grafton - Aimia Inc. - CFO

Yes. I mean, I think you've seen from the headcount analysis that we're intending to take a significant chunk of taking our cost out. I would be expecting the cost associated with that to be in the high-teens.

Drew McReynolds - RBC Capital Markets, LLC, Research Division - Analyst

Okay, that's helpful. And when you talk about profitability in your existing or core business by 2020, is that on an adjusted EBITDA basis?

Mark Grafton - Aimia Inc. - CFO

Yes.

Drew McReynolds - RBC Capital Markets, LLC, Research Division - Analyst

Okay. And is there any kind of narrowing of the guidance range for '19 on the core business? You spoke about improving the revenue declines and improving adjusted EBITDA losses. Any quantification possible around that?

Mark Grafton - Aimia Inc. - CFO

No, I mean, I think what we've tried to do today -- and 2019, as we've talked about, it's a significant year of transition for the business as we execute the new strategy. So what we've tried to do today is to sort of give you guys the building blocks as to what we see is going to be driving that improvement. But I'm not going to narrow that down to a sort of point range at this point. But we're very confident in the plan that we've got to execute. You will have heard me talk about things that we've done already across January and February in terms of getting cost out of that business. So we're well on track to delivering what we need to do in 2019 from that perspective.

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Jeremy Rabe - Aimia Inc. - CEO, President & Director

Let me just add to that a little bit. We're hyper-focused on getting some of the cost out of the business and improving profitability. So you can expect to see that both of those things happen on a continuous basis over the course of the year. And what we don't want to do is have -- as a year of significant transition, we don't want to have like a number that we're trying to hit on a short-term basis and then have to sacrifice kind of long-term results in order to achieve that short-term number. So it's really prudent, given the situation, the transition that we're in, just to make sure that we make the right decision in the long term for this business. But you will see a consistently improving trend from Q1 through Q4 of this year.

Drew McReynolds - RBC Capital Markets, LLC, Research Division - Analyst

Okay, that's helpful. And maybe if I can just quickly squeeze one last one in probably for you, Jeremy, on the PLM and relationship there. Through the whole Aeroplan, I guess, sale process, it seemed to get a little bit acrimonious in terms of us trying to read the tea leaves here on that relationship. Maybe provide an update, you said in your comments, you want to maximize value over the long term. Presumably, you're pretty comfortable sitting on your 49% stake. Just maybe provide an update on whether that characterizes it correctly. And could you flesh out a little bit of some of the headwinds that PLM faced and to what extent they reverse going forward?

Jeremy Rabe - Aimia Inc. - CEO, President & Director

Yes. So I mean, we're really excited about PLM. It's been a very consistent double-digit growth business for as long as I've been around the business. We think that there's a bunch of kind of macro trends, which will lend to continued tailwinds for that business. We like the management team. We like our partnership with Aeromexico. I think the new board composition that we put in place is a clear sign of our intention and our -- not our intention. We've already started really adding a lot more value to that investment, which I think was probably Aimia wasn't doing -- we weren't doing our best in that regard in the past. And making sure that we're valued partners in that relationship going forward. So I think the distribution that we announced today is a clear sign that the partnership is on good terms and heading in the right direction. And we see a lot of continued opportunities in that business. I'm not sure what particular headwinds you're referring to with regards to PLM. I think it's been a pretty durable business over the past 9 years or so. If you have a specific question on that, I can address it.

Drew McReynolds - RBC Capital Markets, LLC, Research Division - Analyst

Yes. No, I think it was more towards, I think, capacity constraints or -- I got something that you were, I think, alluding to on PLM. But it's not a big -- obviously, it's not a big headwind when you look at the numbers.

Jeremy Rabe - Aimia Inc. - CEO, President & Director

Yes. No, I mean, I think maybe just with regards to Aeromexico in particular, there has been some uncertainty as to the Mexican economy generally with the new president there. So I think Aeromexico has pulled back a little bit on their capacity guidance for this year and next year. That said, PLM, the business, is mostly driven by credit cards, right? So that's kind of (inaudible) linked with Aeromexico capacity.

Operator

Your next question comes from Kenric Tyghe of Raymond James.

Kenric Tyghe - Raymond James Ltd., Research Division - SVP

Jeremy, I just wondered if you could help us in terms of the addressable opportunity or market opportunity, we've all over the years seen addressable market size and addressable market opportunities being put up that are obviously the broader market not necessarily what Aeroplan or Aimia has

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been able to address or go after. Could you help us better handicap the size of the opportunity? And perhaps also just by geography, I mean, how close to home do you envisage you can stay or will need to stay? And does that have any impact on your confidence in your ability to execute?

Jeremy Rabe - Aimia Inc. - CEO, President & Director

Yes, great question. So yes, I mean, if you look at the TAM of the loyalty solutions sector in particular, we've -- I'll say it's a difficult industry to size precisely. We rely on some of third-party reports to do this, which kind of, I'd say, conservatively estimate the size of the loyalty solutions sector at around USD 2 billion. So if you think about kind of our existing business, you can kind of get a rough idea of our existing market share. Its spread geographically, as you would expect it to be, more concentrated in the larger developed economies, like the U.S. But it is a global industry. And I think that's one of our differentiators, right?

There are potentially other players that are of similar size in the U.S.. But our ability to offer global clients a global solution and also how those kind of networks in some of the more far-flung markets is certainly an advantage for us. As we look at consolidation, I think clearly the tax assets are going to be one thing that we want to leverage. So that's in the U.S., North America. And so those will be things that we'll obviously be prioritizing within the market mapping and the origination that we're looking at.

Kenric Tyghe - Raymond James Ltd., Research Division - SVP

And just a quick follow-up. I mean, if I'm hearing you correctly, you believe that you either have or can acquire the skill sets required to go after that full $2 billion market opportunity and you can acquire them on an accretive or attractive basis. Is that a fair characterization?

Jeremy Rabe - Aimia Inc. - CEO, President & Director

Yes. I mean, I don't think we're going to acquire the whole $2 billion. But we can certainly make a meaningful increase in our market share within that industry, both through organic and inorganic growth opportunities.

Operator

There are no further questions at this time. I will now return the call to Jeremy Rabe.

Jeremy Rabe - Aimia Inc. - CEO, President & Director

Thanks, operator. Thank you all for joining the call today. As I said in the presentation, we've come off a really transformational year with a strong balance sheet, solid plan for Aimia as a leading loyalty and travel consolidator. As I wrap up, let me just take a minute to thank all of the employees and a special thanks to Mark, who delivered incredible results in 2018 on a journey with us to take this exciting opportunity to shape the loyalty and travel spaces. We look forward to speaking with you again in early May.

Operator

This concludes today's conference call. You may now disconnect.

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