

Mittleman Brothers LLC Statement on Sale of Aeroplan

NEW YORK, Aug. 21, 2018 /CNW/ -- We believe that our acquiescence in agreeing to sell Aeroplan for C\$450M in cash was the best available outcome for all Aimia stakeholders. We appreciate the Board's efforts in pushing for a vastly improved valuation from the initial C\$250M offered, a conditional figure that would have likely been decimated by adjustments.

The outcome should leave Aimia Inc. with just over C\$1B in cash to invest in other opportunities, a significant tax loss carry-forward in Canada and the U.S. to facilitate such, and an NAV that we now calculate at C\$7.50 per share.

Our revised sum of the parts valuation for Aimia is C\$7.50 (USD 5.73), which is 95% higher than yesterday's closing price of C\$3.84:

Aeroplan (Canada): C\$450M cash from sale, no tax leakage as proceeds far below tax cost basis est C\$1.1B

PLM Premier (Mexico): (48.9%), fair value = US\$489M, 10x US\$100M EBITDA est. 2019 = US\$3.21 per share 5.7M members in fast growing coalition loyalty program anchored by Aeromexico, Mexico's flagship airline. Aimia invested US\$124M for 48.9% stake between 2010-2012, and since then received US\$84M in cash dividends. At last financing round in 2012, PLM total enterprise was valued at US\$518M, and it grew a lot since then. Comps: Smiles Fidelidade S.A. (SMLS3 BZ) and Multiplus S.A. (MPLU3 BZ) trade about 7.5x EBITDA, down sharply in emerging market sell-off, fair value likely closer to 10x EBITDA for both.

Cardlytics (CDLX): ownership (2.978M shares), price on 8/20/18 = \$18.43 = USD 55M = US\$0.36 per share

Think BIG Digital – Air Asia (20%), est. fair value = USD 50M, US\$16 x 16M members = US\$0.33 per share

Fractal Analytics (USA): (5%), est. fair value = US\$18M (5% of \$360M (=6x \$60M sales) = US\$0.12 per share

Assets (excluding cash) = C\$1.254B = C\$8.23 / US\$6.28 per share

(+ cash & bonds C\$576M – C\$330M debt – C\$323M preferred – C\$34M accrued interest) = -C\$111M

NAV: = C\$1.143B / US\$873M / 152.3M shares = C\$7.50 / US\$5.73 per share (CAD/USD = 1.31 as of 6/30/18)

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