Company Overview
NYSE: ADS

Investor Presentation
Third Quarter 2016

Alliance Data

- Who Are We and What Do We Do?
- Historical Results
- Recent Investor Questions
- Business & Financial Outlook

Who are we and what do we do?

1. Build Customer Loyalty Platforms
2. Use Unique Data: SKU (requires client permission)
3. Link SKU with Consumer
4. Add Demographic/Psychographic Data

MEET MARY

Who are we and what do we do?

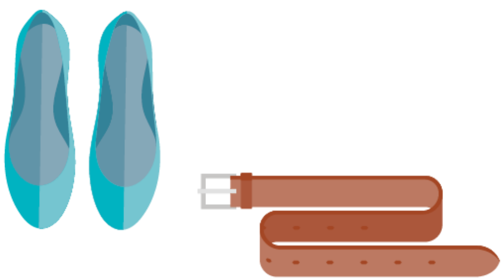
Example:

On September 14th,
Mary Smith spent $60
at Ann Taylor Loft, Store #128

- She bought a blue dress, size 10 (SKU)
- Dress was 20 percent off
- Mary is upper middle income
  - Tends to buy complete wardrobes
  - Looks for value (i.e. sales)
  - Mom who works > busy

Who are we and what do we do?

5. Use Data/Insights to Create Specialized Offers



On September 15th
Mobile offer to Mary
Shoes & belt would work nicely with dress
Click & buy now > 20 percent off sale

"Rinse and repeat" millions of times

We use data to gain insights which drive sales & loyalty for our clients

Who are we and what do we do?

6. Different Platforms/Same Model

AIRMILES®	BrandLoyalty®	Epsilon®	Card Services
Coalition loyalty (Canada)	Grocer loyalty specialist (Int'l)	Single client programs	Loyalty program with credit component

Historical Results

- IPO 2001: $12 per share

($MM)	2001	2016	CAGR
Revenue	$770	$7,150	16%
Core EPS	$0.52	$16.85	26%
Stock Price	$12	$200	20% (1,500% total v. 70% Market)

  Despite recent ADS pullback

- Model:
  - Growth (3x GDP revenue growth)
  - Double-digit core eps growth
    - 20 percent growth early-mid credit cycle
    - 10 to 12 percent today (credit business normalizing)
    - ADS grew through 'Great Recession' due to business model diversification (segment balance), use of cash and modest leverage

Investor Questions

1. Are you a MktingTech, FinTech or Specialty Finance Company?

- Yes
- 50 percent of revenue from purely technology/marketing and loyalty platforms
- 50 percent card related (data, analytics, marketing, credit)
  - Use data/tech heavily to drive 1/1 marketing programs (~ 500 people within Cards – mini Epsilon)
  - Vast overlap with Epsilon
    - All card clients use Epsilon's loyalty platform
    - All use Epsilon's industry leading e-mail platform
    - Most are members of Epsilon's Abacus co-op
    - Most use Epsilon's demo/psycho data
    - Some have an additional Epsilon multi-tender database
    - Some utilize Conversant's CRM direct display ad technology

Investor Questions

2. How did you grow through Great Recession?

- Same business mix as today
- Non-card businesses grew revenue at steady 5 percent rate
- At peak of unemployment (10 percent rate), cards made 600 bps pre-tax return on assets
- Free cash flow and modest increase in leverage drove share repurchase program
- Core EPS grew each year, which we would expect again if we enter another recession

Investor Questions

3. Are Private Label Cards "Riskier" than General Purpose Cards?

- No
- Great Recession Loss Rate: ADS ↑ 300 bps
  Bank Cards ↑ 600 bps
  - Traditional scores were not good predictors of performance
  - Due to balance size, 4 private label holders needed to write-off to equal 1 bankcard holder…which did not occur

- Why?

Our Portfolio
- Limited Utility
- Small balances (~ $600)
- Small credit lines (~ $1,800)

Bank Cards (Per Argus)
- Full Utility (pay for food, gas, housing)
- Large balances (~ $2,600) (4x)
- Large credit lines (~ $8,600) (5x)

- Credit Scores: Our portfolio carries a higher score vs. 2007;
  Scores are slightly < general purpose cards
  -Higher loss rates during normal periods
  -Lower during recessionary periods

Investor Questions

4. What does today's Business Cycle mean to ADS?

- Non-card segments have mid-single digit revenue and adjusted EBITDA growth
- Card Services segment has double-digit revenue and adjusted EBITDA growth (includes drag from losses normalizing)
- U.S. Recession?
  - See no evidence of one: consumer healthy
  - Typical recession: 75bps increase in loss rate per year over 2 years
  - Still expect to grow overall ADS profitability

Investor Questions

5. Is your Card Business really different?

- Yes
- Higher card receivables growth (double-digit compared to single-digit for industry)
- Higher returns (both ROA & ROE)
- Less risky
  - See 'Great Recession'
  - Industry leading profitability margins to absorb shocks
- Half of our growth driven by tender share gains: 80 to 85 percent from mature accounts
- Growth driven by 1/1 targeted, personalized marketing
- We use technology (data, digital, analytics) to generate superior returns with modest risk

Investor Questions

6. How do Loss Rates behave?

- Pre-Great Recession: approximately 6.5 percent (minimal co-brand)
- 2017:

2017:	Private Label	~ 6.5%
	Co-brand	~ 3.0%
	WTD avg.	mid 5's

- Despite rising rates from account seasoning, Card Services still generates double-digit earnings growth
- Portfolio growth, mix, gross yields, operating expenses, funding & loss rates drive financial results
- We focus on optimizing earnings, not on minimizing losses

Investor Questions

7. What is your Free Cash Flow?

- **FCF = adjusted EBITDA – cash taxes – cash interest – capital expenditures + non-cash items = $1.3 billion**
- **Uses:**
  - $500 million to support 20 percent plus card receivables growth
  - Remainder for M&A or share repurchases
- **Corporate leverage ratio is modest <3.0x**
  - Calculated consistent with credit facility and debt indenture covenants
  - Held at Parent level

Outlook

- Raised guidance following second quarter results:
  - Full Year:

Revenue	$7.15 billion	+11%
Core EPS	$16.85	+12%

- Double-digit growth including drag from higher loss rates
- Robust cash flow to drive growth and share repurchase programs
- 2017: Expect another year of solid growth
  - Loss rate normalization continues
- 2018: Acceleration
- Model 3x GDP revenue growth, 10 to 20 percent Core EPS growth, plus cash flow sufficient to pursue M&A, portfolio growth and significant share repurchases while maintaining modest leverage
  - Specifically, grow 3x GDP topline, 20 percent file growth, up to 10 percent of shares repurchased all with no increase in leverage ratios… year after year as appropriate (normalization or recession will not change these dynamics)

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