

Alliance Data

- Who Are We and What Do We Do?
- Outlook



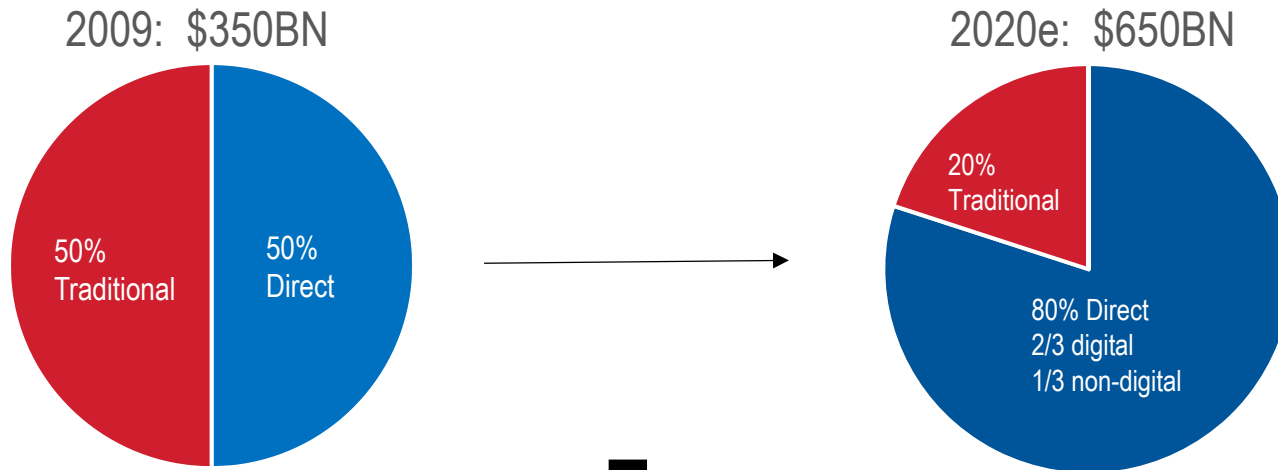
Investor Presentation
2017



- Marketplace Challenge Today: How to reach the end consumer effectively?
 - Audience fragmentation → traditional channels less effective
 - Information overload → consumers only want what's relevant to them
 - Rise of online → pricing pressure forcing ROI measurement on marketing spend



- Massive shift from General Marketing spend to Direct (“data driven”) spend.



- Today, effective marketing must be:
 - Personalized (1-1)
 - Delivered over the appropriate channel (mobile, email, POS, direct mail)
 - Measurable

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:

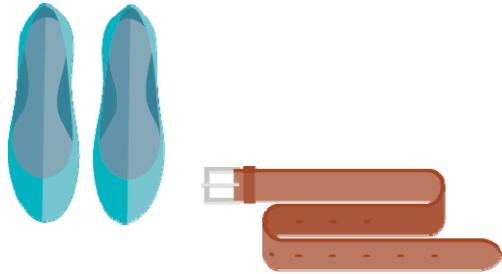
On September 14th
Mary Smith spent \$60
at Ann Taylor Loft, Store #128



- 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

LoyaltyOne®

AIR MILES®
Coalition loyalty
(Canada)



BrandLoyalty®
Grocer loyalty
specialist (Int'l)



Epsilon®
Single client programs



Card Services
Loyalty program with
credit component



WILLIAMS-SONOMA

VICTORIA'S
SECRET

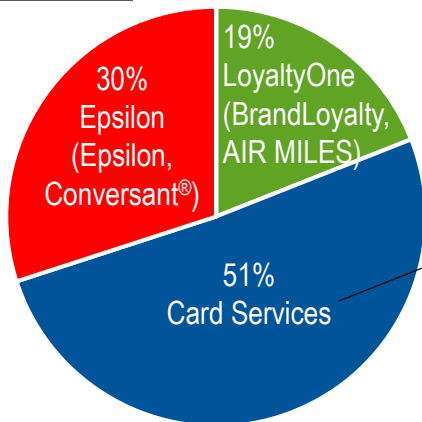


Financial Results

- Since IPO in 2001 @ \$12/share

	<u>2001</u>	<u>2017e</u>	<u>CAGR</u>
Revenue (mm)	\$ 770	\$ 7,700	15%
Core EPS	\$ 0.52	\$ 18.50	25%

- Revenue



- Financial Model

- Growth Company
- Long track record of consistent performance
- Strong free cash flow generation
- History of returning capital (buybacks and recently added dividend)

- Includes:
1. network & processing
 2. credit
 3. US domiciled customer care
 4. data-driven marketing
 - digital & traditional
 - 500 person “mini-Epsilon”
- 100% In-house

Outlook - LoyaltyOne

- Long-term significant contributor
 - Combo organic/M&A

- 2016:
 - BrandLoyalty: strong year
 - Canada: new law passed by Ontario Parliament upended business model
 - ▢ One-time charge, pull forward of revenue → lots of noise

- 2017:
 - BrandLoyalty: 10% revenue/adjusted EBITDA
 - Canada: revenue flat at \$760 million v. 2016 (excluding 1x charge and revenue pull forward)
Adjusted EBITDA ↓ \$20 million – mid-20 percent margin fully recovered by 2nd half

- 2018: +7% growth

<u>(MM)</u>	<u>2007</u>	<u>2017e</u>	<u>CAGR</u>
Revenue	\$ 630	\$ 1,450	9%
Adjusted EBITDA	\$ 132	\$ 300	10%

Outlook- Epsilon

- Long-term significant contributor
 - Combination of organic/M&A
- 2016: Disappointing year (revenue flat, adjusted EBITDA declined)
 - Technology Platform business (26% of Epsilon) dragged down growth
 - ❑ Price point too high, time to market too slow
- 2017: Return to modest growth (+4% revenue/adjusted EBITDA)
 - Technology Platform business
 - ❑ Price point fixed via large office in India
 - ❑ Time to market: fixed by mid-year
 - ❑ Decline → flat by second half
 - Remaining 80% of Epsilon → 6-7% growth
- 2018: +7% growth

<u>(MM)</u>	<u>2007</u>	<u>2017e</u>	<u>CAGR</u>
Revenue	\$ 460	\$ 2,240	17%
Adjusted EBITDA	\$ 118	\$ 500	16%

Outlook – Card Services

- Riding secular trend favoring SKU-driven Private Label programs
- 2016:
 - Double-digit revenue & adjusted EBITDA, net
 - ▢ Included absorbing \$165 million drag from credit losses “normalizing”
 - Cut 12 points off of core EPS growth
- 2017:
 - Strong growth to continue: double-digit revenue & adjusted EBITDA, net
 - ▢ Includes absorbing the final leg of losses normalizing
 - Cuts 12 points off of core EPS growth
 - Delinquencies (best predictor of losses) flatten out v 2016
- 2018:
 - Strong business growth + flat loss rate → slingshot to earning’s growth

Outlook - Consolidated

- Tracking to '17 guidance: \$7.7BN revenue, \$18.50 core EPS
 - 1st half muted -
 - ❑ Retool AIR MILES model
 - ❑ Complete Technology Platform product at Epsilon
 - ❑ Progress on Card Services' wedge narrowing
 - 2nd half –
 - ❑ Acceleration begins
- 2018: all businesses at full run rate + transition from increasing credit loss provision to flat loss dynamic



“slingshot” (i.e., double growth rate or more) through 2018

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This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements give our expectations or forecasts of future events and can generally be identified by the use of words such as “believe,” “expect,” “anticipate,” “estimate,” “intend,” “project,” “plan,” “likely,” “may,” “should” or other words or phrases of similar import. Similarly, statements that describe our business strategy, outlook, objectives, plans, intentions or goals also are forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements we make regarding our expected operating results, future economic conditions including currency exchange rates, future dividend declarations and the guidance we give with respect to our anticipated financial performance.

We believe that our expectations are based on reasonable assumptions. Forward-looking statements, however, are subject to a number of risks and uncertainties that could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this presentation, and no assurances can be given that our expectations will prove to have been correct. These risks and uncertainties include, but are not limited to, factors set forth in the Risk Factors section in our Annual Report on Form 10-K for the most recently ended fiscal year, which may be updated in item 1A of, or elsewhere in, our Quarterly Reports on Form 10-Q filed for periods subsequent to such Form 10-K.

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