Alliance Data NYSE: ADS

Second Quarter 2019 Results
July 18, 2019

Forward-Looking Statements

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 strategic initiatives, the expected use of proceeds from the Epsilon® divestiture, 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 release, 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. Further risks and uncertainties include, but are not limited to, the impact of strategic initiatives on us or our business if any transactions are undertaken, and whether the anticipated benefits of such transactions can be realized as well as whether or if any share repurchases, including tender offers, are undertaken.

Our forward-looking statements speak only as of the date made, and we undertake no obligation, other than as required by applicable law, to update or revise any forward-looking statements, whether as a result of new information, subsequent events, anticipated or unanticipated circumstances or otherwise.

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Agenda

- Speakers:

Rob Minicucci	Board Chairman
Melisa Miller	President and CEO
Tim King	EVP and CFO
Charles Horn	EVP and Vice Chairman

- Consolidated Results
- Segment Results
- 2019 Updated Guidance

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Q2, 2019 Consolidated Results
(MM, except per share)

	Quarter Ended June 30,		
	2019	2018	% Change
Revenue	$1,348	$1,397	-3%
Income from continuing operations	$142	$224	-36%
Income from continuing operations per diluted share (EPS)	$2.71	$4.04	-33%
Core EPS	$3.83	$4.37	-12%
Adjusted EBITDA	$414	$457	-9%
Adjusted EBITDA, net	$310	$365	-15%
Diluted shares outstanding	52.6	55.4	

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(Including discontinued operations)			
Net income	$139	$218	-36%
Net income per diluted share	$2.64	$3.93	-33%

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Q2, 2019 Segment Results
(MM)

	Quarter Ended June 30,		
	2019	2018	% Change
Revenue:			
LoyaltyOne®	$251	$249	+1%
Card Services	$1,097	$1,148	-4%
	$1,348	$1,397	-3%
Adjusted EBITDA, net:			
LoyaltyOne	$51	$69	-27%
Card Services	$287	$336	-14%
Corporate/Other	($28)	($40)	
	$310	$365	-15%

- LoyaltyOne revenue increased 10 percent adjusting for unfavorable FX and shift to net revenue presentation
- Corporate expenses are declining as expected with divestiture of Epsilon

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Q2, 2019 Card Services

	Quarter Ended June 30,		
	2019	2018	% Change
Credit Sales	$7,551	$7,568	0%
Average Card Receivables [1]	$16,798	$17,570	-4%
End of Period Receivables	$17,615	$17,985	-2%
Total Gross Yield % [2]	23.9%	24.9%	-0.9%
Operating Expense % [3]	9.4%	9.1%	+0.3%
Principal Loss Rate	6.1%	6.4%	-0.3%
Delinquency Rate	5.2%	5.5%	-0.3%
Return on Equity	31%	30%	1%

- Credit Sales in line with expectations as we anniversary strategic divestitures, Active Credit Sales +8%
- Active A/R up 11% year over year as program start-ups and acquisitions continue to deliver
- Principal losses and delinquency rates continue to reflect stable, year-over-year improvement

[1] Normalized A/R which includes held-for-sale receivables, and is the denominator and driver for revenue and operating expenses, was $18,335 versus $18,468 for Q2 2018, -1%.
[2] Revenue divided by normalized card receivables.
[3] Excludes mark-to-market on held-for-sale receivables.

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Q2, 2019 Card Services

	Quarter Ended June 30,		
	2019	2018	% Change
Revenue	$1,097	$1,148	-4%
Operating Expenses	$472	$437	+8%
Provision for Loan Losses	$257	$312	-17%
Funding Costs	$105	$92	+14%
Earnings before taxes	$263	$307	-14%
Adjusted EBITDA, net	$287	$336	-14%

- Revenue is down due to timing of new program launches and anniversary of divested programs
- Operating Expenses driven by mark-to-market on held-for-sale receivables and investment for new partner launches

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2019 Updated Guidance

	2019G	2018A	
Revenue	$5.8bn	$5.6bn	+4%
Core EPS			
Reported	$19.50 to $19.75	$19.49	Flat to +1%
Pro forma	>$22.67	$22.72	

Reported core EPS assumes partial-year benefits from the $700 to $750 million modified "dutch auction" tender and completed cost reductions. Timing and share price considerations will impact the final reported earnings.

Pro forma core EPS assumes full-year benefit of $1.1 billion in share repurchases and projected cost reductions. The Company expects the run-rate to be accretive to the initial $22.00 per share guidance for 2019.

Card Services Outlook

- Tracking to end 2019 at greater than $20 billion in card receivables
- Credit quality is stable and tracking to guidance
- Deliberate investment in a wider range of healthy verticals
  - 2015 to 2019 signings now $5.6 billion in average receivables
  - 2015 to 2018 signings grew credit sales at +25 percent year-over-year and +31 percent in average receivables
  - Strong 2019 new client signings including Academy, Burlington, Carters, Houzz and Sephora
- Focus is on strategy and evolving Card Services
  - Investment in consumer deposit platform, over $700 million in deposits, will provide long-term funding leverage
  - Significant opportunity to capture healthy market share in both traditional and new verticals

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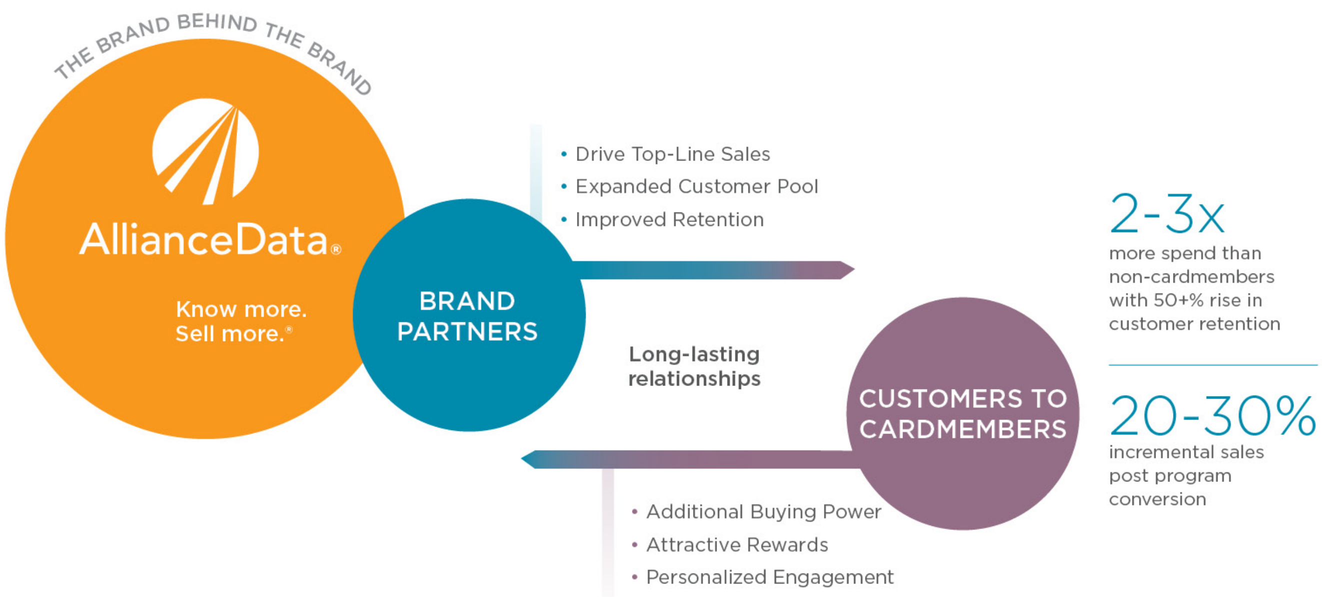
Card Services Overview

WHO WE ARE:

The **BRAND** you trust behind the **BRANDS** you love.

Over **30 years** delivering customer loyalty through branded payment programs



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Card Services Overview

WHAT WE DO:

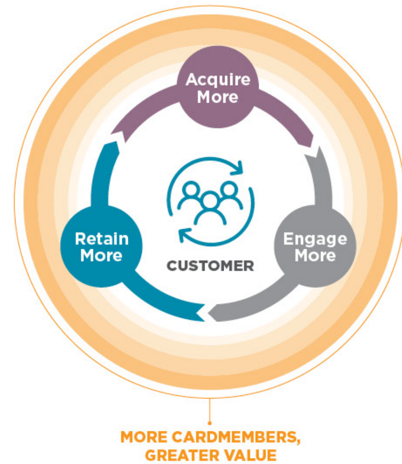
Know More so our **BRANDS** can Sell More.

Lead the market in the convergence of data, marketing and loyalty, and payments to drive brand growth

We skillfully merge our core competencies...

...to deliver across a variety of verticals for our leading brand partners...

...what they need to grow and thrive with evolving customer expectations



CONSUMER NEEDS AND BEHAVIORS WILL CONSTANTLY CHANGE, OUR DEEP UNDERSTANDING OF THEM WILL NOT

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Financial Measures

In addition to the results presented in accordance with generally accepted accounting principles, or GAAP, the Company may present financial measures that are non-GAAP measures, such as constant currency financial measures, adjusted EBITDA, adjusted EBITDA margin, adjusted EBITDA, net of funding costs, core earnings and core earnings per diluted share (core EPS). Constant currency excludes the impact of fluctuations in foreign exchange rates. The Company calculates constant currency by converting our current period local currency financial results using the prior period exchange rates. The Company uses adjusted EBITDA and adjusted EBITDA, net as an integral part of internal reporting to measure the performance and operational strength of reportable segments and to evaluate the performance of senior management. Adjusted EBITDA eliminates the uneven effect across all reportable segments of non-cash depreciation of tangible assets and amortization of intangible assets, including certain intangible assets that were recognized in business combinations, and the non-cash effect of stock compensation expense. Similarly, core earnings and core EPS eliminate non-cash or non-operating items, including, but not limited to, stock compensation expense, amortization of purchased intangibles, restructuring or strategic transaction costs, amortization of debt issuance and hedging costs. The Company believes that these non-GAAP financial measures, viewed in addition to and not in lieu of the Company's reported GAAP results, provide useful information to investors regarding the Company's performance and overall results of operations.

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Q & A

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