

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported):

July 23, 2015

ALLIANCE DATA SYSTEMS CORPORATION

(Exact Name of Registrant as Specified in Charter)

DELAWARE

(State or Other Jurisdiction
of Incorporation)

001-15749

(Commission
File Number)

31-1429215

(IRS Employer
Identification No.)

7500 DALLAS PARKWAY, SUITE 700

PLANO, TEXAS 75024

(Address and Zip Code of Principal Executive Offices)

(214) 494-3000

(Registrant's Telephone Number, including Area Code)

NOT APPLICABLE

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act
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ITEM 7.01. Regulation FD Disclosure

Attached as Exhibit 99.1 is a presentation to be given to investors and others by senior officers of Alliance Data Systems Corporation.

ITEM 9.01. Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Document Description</u>
99.1	Investor Presentation Materials.

Note: The information contained in this report (including Exhibit 99.1) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Alliance Data Systems Corporation

Date: July 23, 2015

By: /s/ Charles L. Horn
Charles L. Horn
Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

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Alliance Data NYSE: ADS



Q2 2015 Results
July 23, 2015



Second Quarter Consolidated Results

(MM, except per share)

	<u>Quarter Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>% Change</u>
Revenue	\$ 1,501	\$ 1,265	+19%
EPS	\$ 2.11	\$ 2.19	-4%
Core EPS	\$ 3.32	\$ 2.90	+14%
Adjusted EBITDA	\$ 432	\$ 373	+16%
Adjusted EBITDA, net	\$ 393	\$ 332	+18%
Diluted shares outstanding	62.3	62.6	

- Strong organic revenue growth of 11 percent.
- Unfavorable FX rates were a \$49 million and \$0.11 drag to revenue and core EPS, respectively.
- EPS was negatively impacted by non-cash items, principally amortization of purchased intangibles associated with the Conversant acquisition.



LoyaltyOne (MM)

	<u>Quarter Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>% Change</u>
Revenue	\$ 302	\$ 356	-15%
Adjusted EBITDA	66	87	-24%
Non-controlling interest	<u>-3</u>	<u>-10</u>	
Adjusted EBITDA, net	\$ 63	\$ 77	-18%
Adjusted EBITDA %	22%	25%	-3%
AIR MILES® reward miles issued	1,482	1,247	+19%
AIR MILES reward miles redeemed	1,142	1,039	+10%
Average CDN FX rate	0.81	0.92	-11%
Average Euro FX rate	1.11	1.37	-19%

- Revenue was flat while adjusted EBITDA decreased 13 percent on a constant currency basis.
 - Higher marketing expenses at AIR MILES and infrastructure expenses at BrandLoyalty reduced EBITDA.
- As expected, BrandLoyalty revenue pulled back in the second quarter due to timing (down 7 percent from last year on a constant currency basis). Still up 40 percent year-to-date.
- Terrific 2nd quarter issuance growth of 19 percent in Canada.

Epsilon (MM)

	<u>Quarter Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>% Change</u>
Revenue	\$ 495	\$ 357	+39%
Adjusted EBITDA	\$ 113	\$ 68	+66%
Adjusted EBITDA %	23%	19%	+4%

- Organic revenue and adjusted EBITDA growth of 4 percent and 5 percent, respectively.
- Off-shoring initiative on-track, with expectations of approximately 350 employees by year-end.
- Solid adjusted EBITDA margin expansion of 300 basis points for Conversant offering.

Card Services (MM)

	<u>Quarter Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>% Change</u>
Revenue	\$ 710	\$ 557	+27%
Operating expenses	267	220	+21%
Provision for loan losses	155	97	+61%
Funding costs	<u>36</u>	<u>30</u>	<u>+20%</u>
Adjusted EBITDA, net	\$ 251	\$ 210	+20%
Adjusted EBITDA, net %	35%	38%	-3%

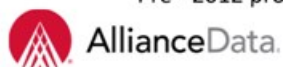
- Strong revenue growth driven by 33 percent growth in average card receivables during Q2.
- Substantial growth in card receivables drove solid expense leveraging.
- The provision for loan losses increased significantly due to card receivables growth and slight uptick in principal loss rates.

Card Services (MM)

Key metrics:	<u>Quarter Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>Change</u>
Credit sales	6,009	4,498	+34%
Average credit card receivables	10,866	8,171	+33%
Total gross yield	26.2%	27.3%	-1.1%
Principal loss rates	4.5%	4.4%	+0.1%
Delinquency rate	4.1%	4.0%	+0.1%

- Gross yield compression is due to mix (co-brand vs. PLCC).
- Loss rates were up slightly due to seasoning of 2013 start-up vintage.
- Core¹ spending remains strong, up 9 percent.
- Ending reserve of 5.6 percent of reservable receivables at June 30, 2015
 - spread of approximately 110 basis points to the LTM loss rate.

¹ Pre - 2012 programs.



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First Half Summary (MM)

1 st Half, 2015	Revenue		Adj. EBITDA, Net		
LoyaltyOne:					
BrandLoyalty	\$ 349	+41%	\$ 31	+29%	<ul style="list-style-type: none"> • Double digit top/bottom • +13% miles issued (-2% last year)
Canada	456	+4%	121	+2%	
Constant currency	805	+17%	152	+7%	
FX impact	-115		-19		<ul style="list-style-type: none"> • FX is ~\$0.20 hit to core EPS
Reported	690		133		
Epsilon:					
Epsilon	739	+5%	128	+5%	<ul style="list-style-type: none"> • Soft top/solid EBITDA flow-thru • Topline 'pruning' completed • Adj. EBITDA flat & accelerating after 5 negative growth quarters
Conversant	261	n/a	88	n/a	
	1,000		216		
Card Services	1,425	+27%	533	+17%	<ul style="list-style-type: none"> • +33% portfolio growth • Reserve build for growth
Total ¹	\$ 3,102	+24%	\$823	+23%	<ul style="list-style-type: none"> • \$6.98 core EPS , +23%
			+12% organic		



AllianceData.

¹ Net of corporate/other segment which is not shown.©2015 ADS Alliance Data Systems, Inc.
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Conversant

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- Pruning low/no margin products complete
 - Signed cross-sale of \$50 million in annual contract value / \$75 to \$80 million expected by year-end
 - Strong 2015 exit
 - Adj. EBITDA turned after 5 quarters of declines
 - 2015 financial shortfall covered off through over-performance of other businesses
 - Signed deals + pipeline drives double-digit revenue and adj. EBITDA growth in 2016

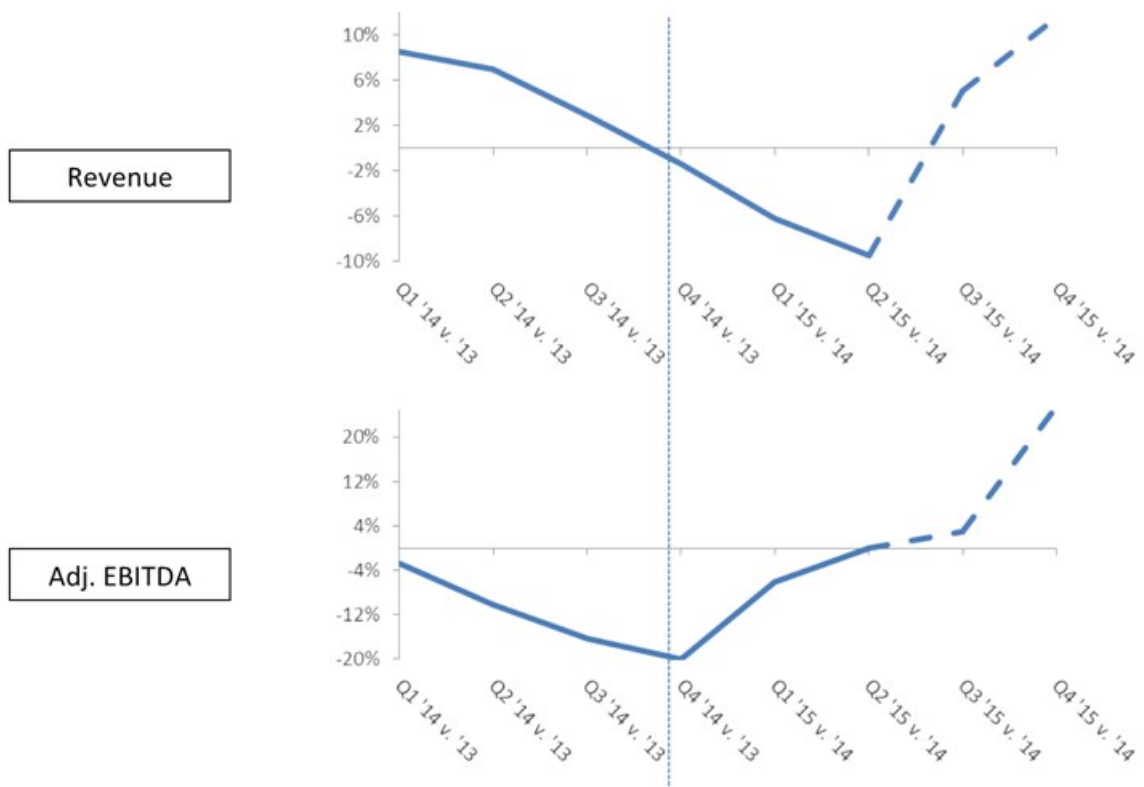
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- Pruning deeper than expected
 - Too optimistic on how quickly signed deals turn to revenue
 - Original 2015 financial results too optimistic



- Too optimistic on timing (Q2 revenue about \$13 million short; EBITDA on-track), but original thesis is playing out
- Looking like a solid contributor going into 2016

Conversant Year-Over-Year Growth



--- Forecast

ADS Purchase

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2015 Guidance and Critical Goals

LoyaltyOne

- BrandLoyalty
- Canada
- Double-digit growth in revenue and adjusted EBITDA
- North American expansion
- AIR MILES issuance growth returns to mid-single digit growth

EPSILON

- Epsilon
- Conversant
- Revenue growth flows through to adj. EBITDA growth
- Complete internal transformation towards data (first-half)
- Return to solid organic growth (second-half)



- Exceptional portfolio growth (> 25 percent)
- Strong, double-digit revenue and adjusted EBITDA, net growth
- Sign new \$2 billion vintage
- Deliver full digital suite (mobile apps, etc.)

Overall

- Organic revenue growth of 3x GDP; 20 percent plus overall revenue growth
- \$1.3 billion in free cash flow
- Play through FX headwinds though over-performance and share buybacks



Raising 2015 Guidance

(\$MM, except per share)

	2014	2015	2015	'15 / '14 Increase
	<i>Actual</i>	<i>Original Guidance</i>	<i>New Guidance</i>	
Revenue	\$ 5,303	\$ 6,500	\$6,500	+23%
Core EPS	\$ 12.56	\$ 14.80	\$15.00	+19%
Diluted shares outstanding	62.4	64 – 64.7	62.8	

- Organic revenue growth rate of 11 percent (constant currency of 17 percent).
- Expected drag of \$250 million to revenue and \$0.50 to core EPS from FX.
- Over-performance + share repurchases > FX drag → increased guidance.

Q & A



Safe Harbor Statement and Forward Looking Statements

This presentation may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may use words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “predict,” “project,” “would” and similar expressions as they relate to us or our management. When we make forward-looking statements, we are basing them on our management’s beliefs and assumptions, using information currently available to us. Although we believe that the expectations reflected in the forward-looking statements are reasonable, these forward-looking statements are subject to risks, uncertainties and assumptions, including those discussed in our filings with the Securities and Exchange Commission.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we projected. Any forward-looking statements contained in this presentation reflect our current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. We have no intention, and disclaim any obligation, to update or revise any forward-looking statements, whether as a result of new information, future results or otherwise, except as required by law.

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995: Statements in this presentation regarding Alliance Data Systems Corporation’s business which are not historical facts are “forward-looking statements” that involve risks and uncertainties. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see “Risk Factors” in the Company’s Annual Report on Form 10-K for the most recently ended fiscal year. Risk factors may be updated in Item 1A in each of the Company’s Quarterly Reports on Form 10-Q for each quarterly period subsequent to the Company’s most recent Form 10-K.



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 and non-controlling interest, core earnings and core earnings per diluted share (core EPS). 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. These metrics are an integral part of the Company's internal reporting to measure the performance of reportable segments and the overall effectiveness of senior management. Reconciliations to comparable GAAP financial measures are available in the accompanying schedules and on the Company's website. The financial measures presented are consistent with the Company's historical financial reporting practices. Core earnings and core earnings per diluted share represent performance measures and are not intended to represent liquidity measures. The non-GAAP financial measures presented herein may not be comparable to similarly titled measures presented by other companies, and are not identical to corresponding measures used in other various agreements or public filings.



