

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):
October 14, 2021

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.)

3095 LOYALTY CIRCLE
COLUMBUS, Ohio 43219
(Address and Zip Code of Principal Executive Offices)

(614) 729-4000
(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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock, par value \$0.01 per share

Trading symbol
ADS

Name of each exchange on which registered
NYSE

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

As previously disclosed, on October 13, 2021, the Board of Directors of Alliance Data Systems Corporation approved the previously announced separation (the "Separation") of its LoyaltyOne segment, consisting of its Canadian AIR MILES[®] Reward Program and Netherlands-based BrandLoyalty businesses, into an independent, publicly traded company, Loyalty Ventures Inc. ("Loyalty Ventures"). Attached as Exhibit 99.1, which is incorporated by reference into this Item 7.01, is a presentation to be given to investors and others by senior officers of Loyalty Ventures in connection with the Separation.

The completion of the Separation is subject to a number of customary conditions, including the Securities and Exchange Commission having declared effective Loyalty Venture's Registration Statement on Form 10, as amended.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No. Document Description

[99.1](#) Loyalty Ventures Inc. Investor Presentation Materials.

104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

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: October 14, 2021

By: /s/ Joseph L. Motes III
Joseph L. Motes III
Executive Vice President, Chief
Administrative Officer, General
Counsel and Secretary

October 2021

Loyalty Ventures Overview



Legal Disclaimer

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, and the guidance we give with respect to, our anticipated operating or financial results, completion of the spinoff by Alliance Data Systems Corporation and future economic conditions, including, but not limited to, fluctuation in currency exchange rates, market conditions and COVID-19 impacts related to reduction in demand from clients, supply chain disruption with respect to our rewards, disruptions in the airline or travel industries and labor shortages due to quarantine.

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 of both (1) Alliance Data Systems Corporation’s Annual Report on Form 10-K for the most recently ended fiscal year, which may be updated in Item 1A of, or elsewhere in, its Quarterly Reports on Form 10-Q filed for periods subsequent to such Form 10-K; and (2) our Registration Statement on Form 10-12B. 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.

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 Pro Forma Adjusted EBITDA. Pro Forma Adjusted EBITDA eliminates the 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. Pro Forma Adjusted EBITDA also eliminates the effect of gains on the sale of a business and/or certain investments, strategic transaction costs and restructuring and other charges, and incorporates synergies from restructuring actions. Pro Forma Adjusted EBITDA is also impacted by estimated incremental expenses for Loyalty Ventures Inc. Corporate. In addition, Precima®, a provider of strategy and customer data application and analytics, which has historically been reported within the AIR MILES Reward Program segment in the historical carve-out financial statements, was excluded from the financial information presented as it was sold on January 10, 2020.

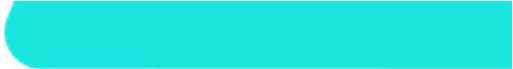
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- 3 | Long Runway For Growth
- 4 | Highly Attractive Financial Profile

SECTION 1

Leading Provider of Tech-Enabled Loyalty Programs Globally



Comprehensive Global Business With Unparalleled Scale



10MM

Collector Accounts

2/3

Of Canadian Households

300+

Brands / Suppliers



The Number One Loyalty Program in Canada

brandloyalty

155MM

Short-Term Rewards⁽¹⁾

5.3Bn+

Instant Loyalty Rewards⁽¹⁾

200

Retailers⁽¹⁾ in...

54

...Countries



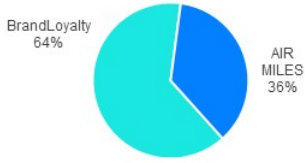
Premier Global Provider of Campaign-Based Loyalty Solutions

Source: Company information.
Notes:
1. FY 2019 - FY 2020.

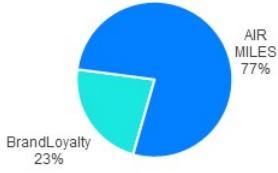
Financial Overview

Financial Breakdown (FY 2020)

Revenue by Business



PF Adj. EBITDA By Business



Revenue ⁽¹⁾⁽³⁾

SMM



PF Adj. EBITDA ⁽¹⁾⁽²⁾⁽³⁾

\$230

\$171

\$187

% Margin

24%

22%

24%

Source: Company information

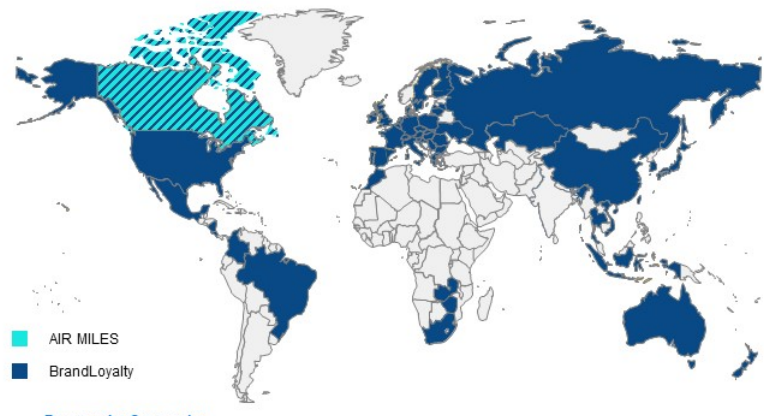
Notes:

- Adjusted for sale of Piedra in January 2020
- Pro Forma Air EBITDA is unburdened for stock-based compensation and one-time expenses and burdened for estimated incremental expenses for Loyalty Ventures Corporate
- Financial estimates are forward-looking statements based on current information and management's reasonable assumptions. The estimates are subject to risks and uncertainties, and actual results may differ.

Loyalty Venture's Global Scale and Geographic Reach

Loyalty Venture's Footprint Spans the Globe


1
 Continent
1
 Country
300+
 Brands
~8,300 (1)
 Locations to Earn



brandloyalty
6
 Continents
54
 Countries
20
 Sales offices
~200 (2)
 Retailers
~112,000 (2)
 Stores

Source: Company information.
 Notes:
 1. Represents number of sponsor locations.
 2. FY 2016 – FY 2020.

Loyalty Ventures' Clients Are Focused On Acquiring And Retaining Loyal And Profitable Shoppers



Provide value to clients and partners by *generating incremental sales and profits...*

...And to shoppers by allowing them to *earn rewards on everyday purchases*



brandloyalty

Both AIR MILES and BrandLoyalty are *data-driven, with deep historical databases* that enable the businesses to *optimize programs to fit retailers' goals*

Experienced Management Team

Deep History Of Public Company Leadership Experience



Charles Horn
CEO
Loyalty Ventures



Blair Cameron
President
AIR MILES



Claudia Mennen
CEO
BrandLoyalty



Jeff Chesnut
CFO
Loyalty Ventures

Years of Experience⁽¹⁾

12 Years at Loyalty Ventures | 27 Years of Experience

16 Years at Loyalty Ventures | 26 Years of Experience

9 Years at Loyalty Ventures | 25 Years of Experience

10 Years at Loyalty Ventures | 24 Years of Experience

Select Companies

LoyaltyOne Senior Vice President
And Senior Advisor

LoyaltyOne Senior Vice President
And Chief Client Officer

LoyaltyOne Chief Financial
Officer

AllianceData Senior Vice President
And Treasurer

AllianceData CFO and Interim
CEO

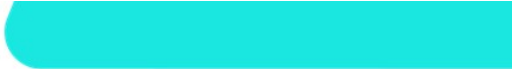
Mark's Head Of Marketing
And Merchandising

GreenGas Chief Financial
Officer

Notes:
1. Years at Loyalty Ventures included time at ADS

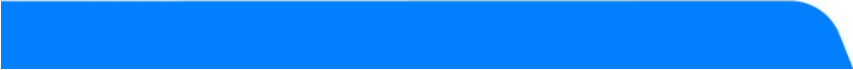
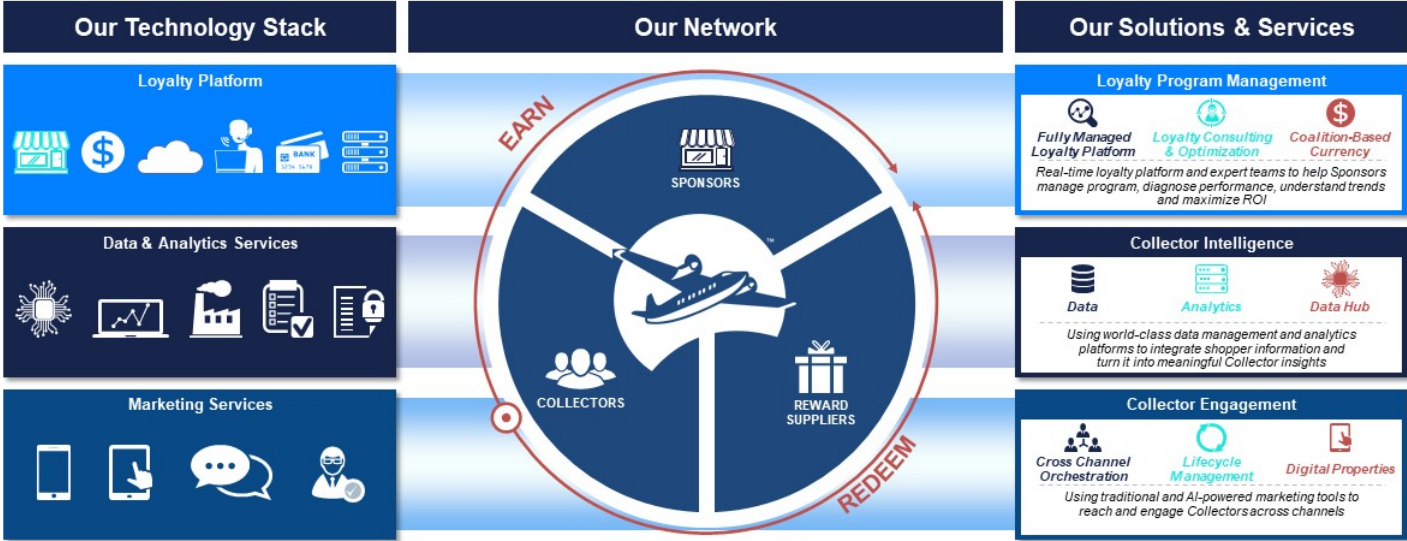
SECTION 2

Our Business

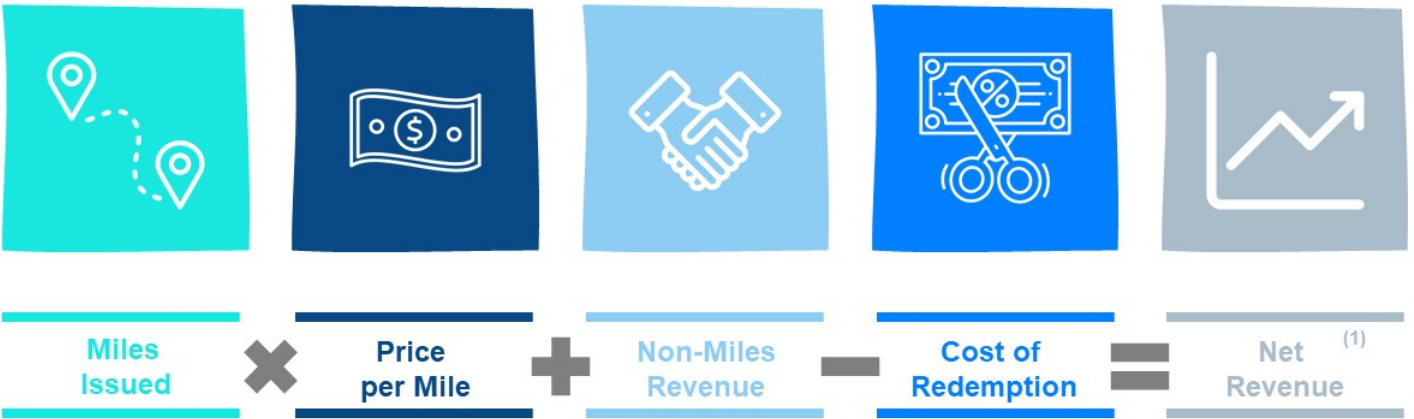


AIRMILES: #1 Loyalty Program in Canada Built Over Three Decades

25+ Year Operating History with Headquarters in Toronto, Ontario



How AIR MILES Makes Money



Notes:
1. Net Revenue calculation simplified for illustrative purposes – depiction does not account for revenue recognition standards

BrandLoyalty: Changing Shopper Behavior On A Mass Scale Through Campaign-Based Loyalty Solutions

Optimizing Client KPIs to Deliver Maximum Impact



How BrandLoyalty Makes Money



Rewards
Redeemed

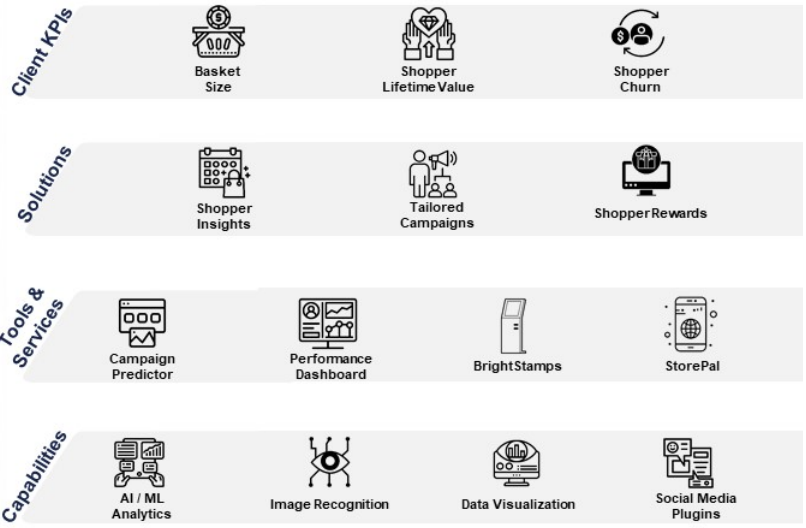


Selling
Price



Campaign
Revenue

We Help Clients Retain and Grow Existing Shoppers While Attracting New Ones



Key Part of Everyday Commerce

Loyalty Ventures Serves Retailers in High Frequency, Non-Discretionary Verticals



brandloyalty

Grocery



Financial



Gas



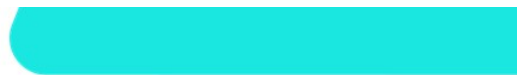
Pharmacy



Key Highlights

- **#1 loyalty program in Canada⁽¹⁾** with 300+ sponsors and rewards suppliers across ~8,300 locations⁽²⁾
- Sponsor base **covers ~80%⁽³⁾ of the average household spend categories** in Canada
- Stable client base generates **recurring campaign demand**
- **Global retailer and supplier network** in 54 countries
- Maintains close relationships with **20 national sales offices**

Notes:
1. Based on internal research studies on Loyalty Brand Awareness and Loyalty Program handling of COVID-19. Research sample included both Canadian AIR MILES Collectors and non-Collectors
2. Represents number of sponsor locations
3. Coverage of household spend calculated using Canadian Census Program data, excludes mortgages and taxes



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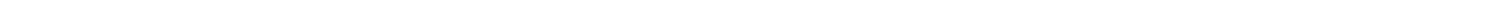
Exclusive Relationships Are Point of Differentiation



Sponsors derive substantial benefits from coalition membership due to exclusivity in specific categories and regions

brandloyalty

Meaningful partner to global suppliers, whose products and IP are exclusive to BrandLoyalty's campaigns



Resilient Performance During COVID with Strong Recovery Potential

Loyalty Ventures Proactively Addressed Numerous COVID-Related Disruptions...

...With Favorable Results

Early 2020

- COVID-19 begins impacting retailers and supply chains

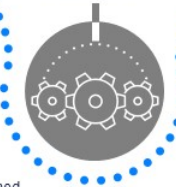


February 2020

- COVID task force formed
- Led deep supply chain collaboration
- Tactical commercial and legal actions
- Shift to digital where appropriate

Rest of 2020

- Retailers focused on operational challenges – not long term planning
- In-person sales force impacted
- Fewer AIR MILES redemptions



Q4'2020

- Refocused storyline around rewarding shoppers
- Retrained sales force to sell in a virtual environment

March 2021-Today

- Port and Suez Canal closures combined with 9x higher container costs, as well as low transparency / predictability



Today and Beyond

- Re-activation of COVID task-force
- Actioned price / contract adjustments
- Clear communication with clients and management

At-risk campaigns mostly postponed – *not cancelled* – throughout 2020 and YTD 2021

Limited items out of stock despite supply chain disruptions

Short term contract signing, *high sales from available stock* and *higher client uptake in 2021*

Reduced inventory



SECTION 3

Long Runway For Growth

A decorative graphic at the bottom of the page consists of several overlapping, wavy lines in shades of blue and teal, creating a sense of motion and depth. The lines are composed of fine, parallel lines that curve and flow across the page.

Growth Strategy



**Grow
Ecosystem**



**Attract
New Clients**



**Expand Into New
Geographies**



**New Technologies
& Solutions**

Growth Levers



Add **new verticals**, including QSR and home improvement



Broaden **merchandise offerings** to include “home trade” (e.g., kitchenware, landscaping, furnishings, fitness)



Transition travel redemptions to **self-serve digital** and **extend real time issuance**



Deploy **automated CRM platform** and **1:1 personalization** to more sponsors

brandloyalty



Continue **growth in new markets**, including U.S., UK, Nordics and Brazil



Move into **additional high-frequency verticals**, including omni-channel food retail and convenience stores



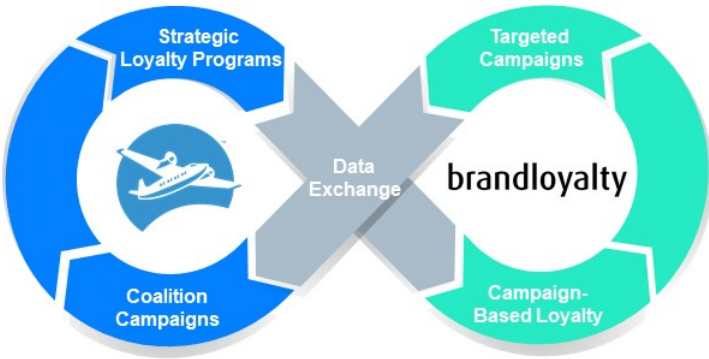
Drive **growth in existing markets** via post-COVID recovery, new grocer relationships, normalized logistics and resumption of supplier IP innovation



Activate **sustainability initiatives**

Imagine The Possibilities

Our Combined Offering Is Highly Synergistic and Unlocks Meaningful Value for Clients and Shoppers Alike



AIR MILES' *issuance engine, data lake and machine learning capabilities* and BrandLoyalty's *Bright Stamps platform* enable loyalty programs anywhere in the world at scale

Together, strong loyalty programs and targeted campaigns are highly complementary – *early trials have resulted in redemptions doubling*

Integrated data exchange and best-in-class analytics increasingly important in a privacy-centric, omnichannel retail environment

SECTION 4

Highly Attractive Financial Profile

Highly Attractive Financial Profile

Revenue ⁽¹⁾⁽³⁾



Pro Forma Adj. EBITDA ⁽¹⁾⁽²⁾⁽³⁾



Key Commentary



Revenue hitting *inflection point*



Stable Pro Forma Adj. EBITDA margin profile with variable cost structure – provides protection in downturns and showcased resiliency during COVID



Redemptions have *no impact to operating cash flow*

● Growth %

● Margin %

Source: Company information
 Notes:
 1. Adjusted for sale of Piedra in January 2020
 2. Pro Forma Adj. EBITDA is unburdened for stock-based compensation and one-time expenses and burdened for estimated incremental expenses for Loyalty Ventures Corporate
 3. Financial estimates are forward-looking statements based on current information and management's reasonable assumptions. The estimates are subject to risks and uncertainties, and actual results may differ

Key Takeaways

- 
- 1 | Increased Investment Amid Post-Pandemic Recovery Tailwinds Creates Significant Upside Potential
 - 2 | Stability Of Underlying Business Proven Out By COVID Operating Environment
 - 3 | Scalable, Portable And Unique Technology Platform Providing Client-Specific Consumer Insights That Drive Profitable Outcomes
 - 4 | Top-Line Growth Plan Coupled With Strong Operating Margins
 - 5 | Growth Accelerators Through Inorganic Opportunities In US And Worldwide
 - 6 | Balanced Priorities Of Investing For Growth While De-Leveraging For Strength

Reconciliation of Non-GAAP Financial Information

SMM

	FYE December 31,		
	2019A	2020A	2021E ⁽¹⁾
GAAP Revenue	\$1,033	\$765	\$793
Less: Precima Revenue	(81)	(2)	0
Revenue	\$952	\$763	\$793
Net income	\$75	\$75	\$99
Plus: Loss from investment in unconsolidated subsidiaries – related party, net of tax	2	0	0
Plus: Provision for income taxes	11	21	37
Plus (less): Interest (income) expense, net ⁽²⁾	2	(1)	(0)
Plus: Depreciation and amortization	80	78	37
Plus: Stock compensation expense	9	7	9
Plus (less): Restructuring, (gain on sale) and other costs	51	(9)	5
Less: Precima Adjusted EBITDA	(1)	(1)	0
Pro Forma Adjusted EBITDA	\$230	\$171	\$187

Source: Company information

Notes:

1. Financial estimates are forward-looking statements based on current information and management's reasonable assumptions. The estimates are subject to risks and uncertainties, and actual results may differ.
2. Interest (income) expense, net does not include interest on term loan debt.