

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):
September 29, 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, OH 43219
(Address and Zip Code of Principal Executive Offices)

(614) 729-4000
(Registrant's Telephone Number, including Area Code)

3075 LOYALTY CIRCLE
COLUMBUS, OH 43219
(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 (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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
New York Stock Exchange

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.

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.
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: September 29, 2021

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

Alliance Data provides update on Loyalty Ventures spinoff

Proposed spinoff is expected to be tax-free and will create two independent, publicly traded companies

Rationale	<ul style="list-style-type: none">• Aligns with our strategic transformation to deliver long-term, sustainable growth• At the spinoff date, will create standalone data-driven, tech-enabled loyalty solutions provider, Loyalty Ventures Inc.• Positions both companies to invest more deeply in their unique growth opportunities• At the spinoff date, ADS expects to receive a \$750 million distribution which will be used for deleveraging• The spinoff will remove goodwill from ADS' balance sheet, which is expected to accelerate the improvement in ADS' capital ratios
LVI Capital Structure	<ul style="list-style-type: none">• Debt raise targeting \$675 million in term loans, including up to \$500 million in Term Loan B due in 2027• Pro Forma Total Leverage Ratio of 4.0x at 8/31/21 and 3.6x estimated at 12/31/21*• Liquidity at 12/31/21 is estimated at \$281 million consisting of \$131 million of cash and cash equivalents plus \$150 million undrawn revolver which is expected to be in place at the spinoff date• Commitment to de-lever by \$50 million throughout 2022
LVI Ratings Update	<ul style="list-style-type: none">• Loyalty Ventures has been rated by Moody's at B1 and by S&P Global Ratings at B+, each with a stable outlook• LVI is focused on maintaining strong liquidity while reducing its financial leverage• Free cash flow for 2021 is estimated to be ~\$162 million**• M&A will be opportunistic and targeted
Outlook	<ul style="list-style-type: none">• The spinoff is on track for Q4 2021, subject to market conditions and regulatory approval• We are optimistic about Loyalty Ventures' strong competitive profile with an outlook that capitalizes on the macro recovery from the pandemic and positions the company to pursue strategic initiatives in both existing and new markets• Alliance Data will continue to trade as ADS on the NYSE and Loyalty Ventures will begin trading as LYLT on the Nasdaq exchange

* Pro Forma Adjusted EBITDA is a non-GAAP financial measure. For a definition of Pro Forma Adjusted EBITDA and a reconciliation to income before income taxes, see page three. Calculated using actual Pro Forma Adjusted EBITDA of \$167 million for the twelve months ended 8/31/21 and estimated Pro Forma Adjusted EBITDA for the year ending 12/31/21 of \$187 million, as applicable.

** Free Cash Flow is a non-GAAP financial measure. For a definition of Free Cash Flow and a reconciliation to Pro Forma Adjusted EBITDA, see page three. Calculated using estimated Pro Forma Adjusted EBITDA for the year ending 12/31/21 of \$187 million.

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, and the guidance we give with respect to, our anticipated operating or financial results, initiation or completion of strategic initiatives including the proposed spinoff of Loyalty Ventures Inc., future dividend declarations, and future economic conditions, including, but not limited to, fluctuation in currency exchange rates, market conditions and COVID-19 impacts related to relief measures for impacted borrowers and depositors, labor shortages due to quarantine, reduction in demand from clients, supply chain disruption for our reward suppliers and disruptions in the airline or travel industries.

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 as well as those set forth in the Form 10 filed by Loyalty Ventures Inc. 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.

Reconciliation of Non-GAAP Financial Information

Pro Forma adjusted EBITDA is a non-GAAP financial measure equal to net income, the most directly comparable financial measure based on accounting principles generally accepted in the United States of America, or GAAP, plus provision for income taxes, interest (income) expense, net, depreciation and amortization and stock compensation expense. Pro Forma adjusted EBITDA also eliminates the effect of gains on the sale of certain investments and the impact of certain restructuring actions taken, and incorporates synergies from restructuring actions. Free cash flow is calculated as Pro Forma adjusted EBITDA less capital expenditures.

<i>(\$ in millions)</i>	<u>LTM 8/31/21</u>	<u>2021E</u>
Net income	\$77.7	\$99.4
Provision for income taxes	28.7	36.8
Interest (income) expense, net ¹	(0.6)	(0.5)
Depreciation and amortization	52.6	36.6
Stock compensation expense	8.9	9.3
Gain on sale, restructuring costs and run-rate cost savings	0.1	5.4
Pro Forma Adjusted EBITDA	\$167.3	\$187.0
Less: CapEx		(24.5)
Free Cash Flow		\$162.4

¹ Interest (income) expense, net does not include interest on term loan debt

