

Alliance Data: Opportunities from Retail Transformation



Investor Presentation



AllianceData®

June 2017

Retail is neither dead nor shrinking

ADS' Key Verticals: Apparel, Furniture/Home Furnishings, Jewelry

Typical Household:

- ~\$5,000 per year spend in these categories
- Spend relatively constant at ~8% of household income

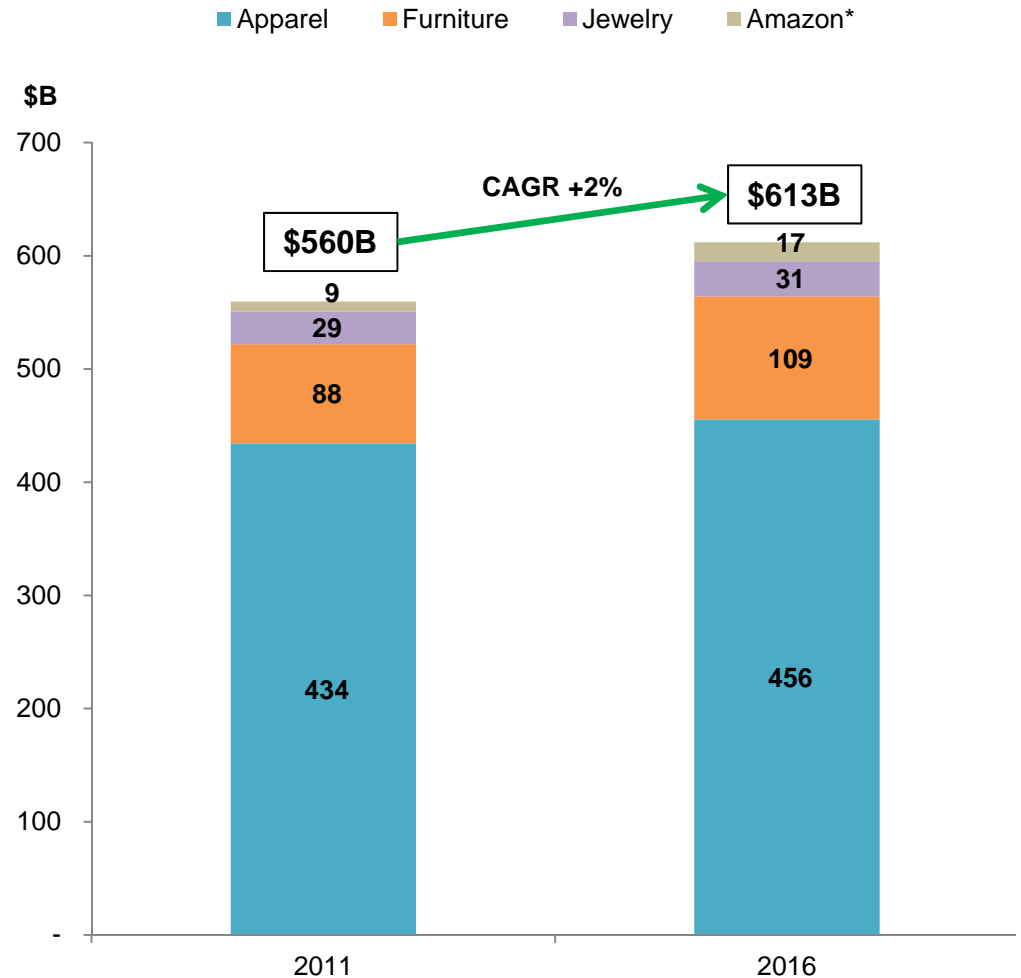
Total Spend: Modest growth (~2% annually)

The customer agrees:

- 75% want to see a product in store

Millennials have a definite POV on brand loyalty:

- 52% more likely to go out of their way to shop a brand they love
- 35% claim credit cards increase their loyalty to the brand

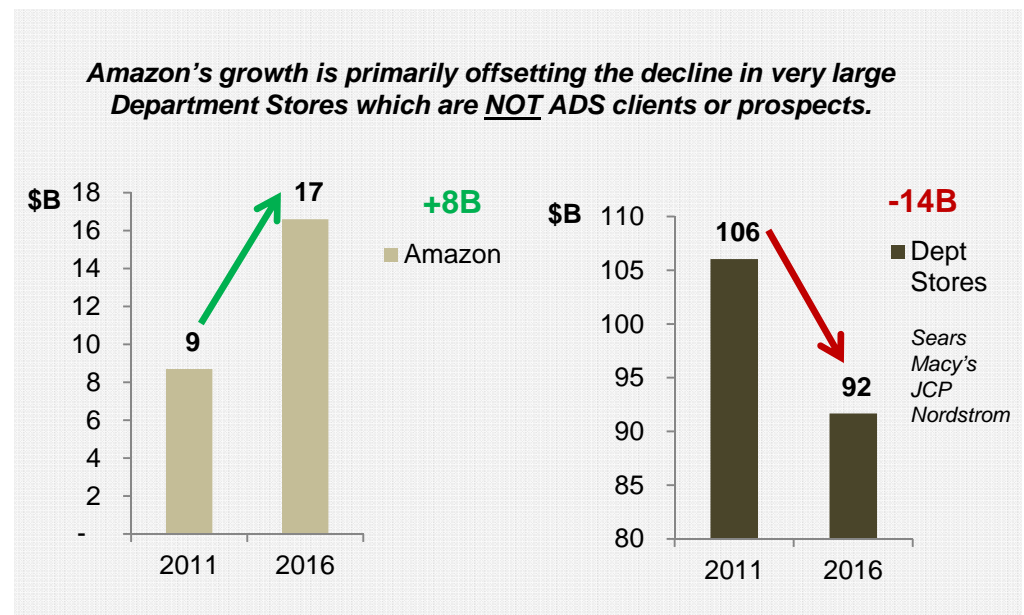
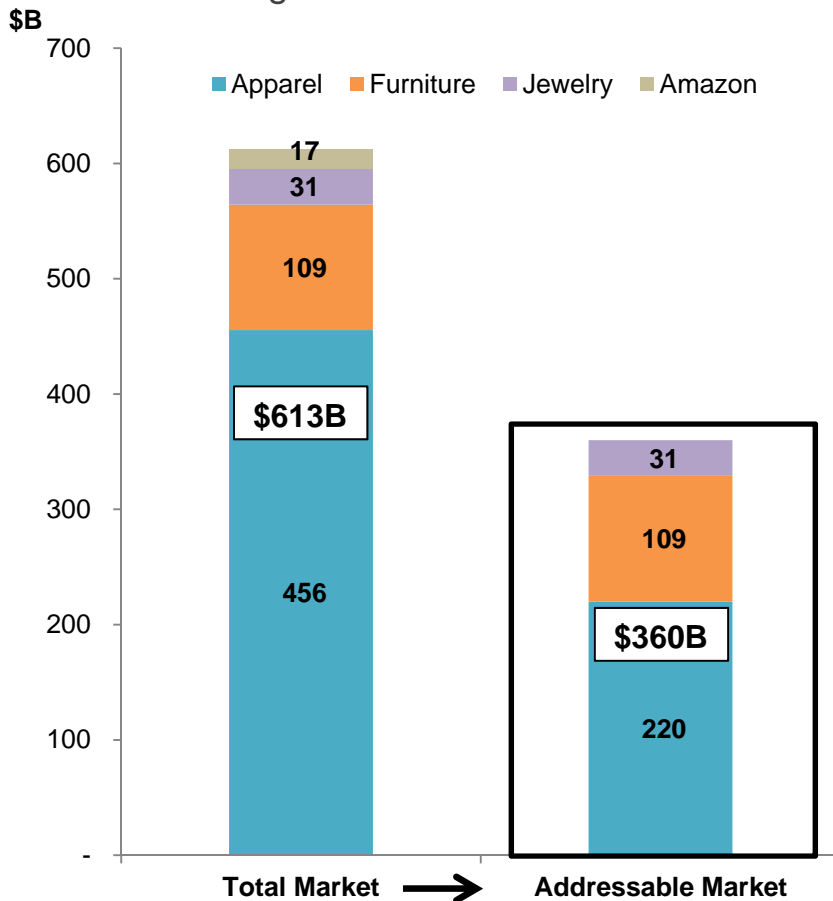


*Amazon Apparel / Furniture / Jewelry Sales Estimates extrapolated from J.P. Morgan, comScore, Internet Retailer, and US Census data sets and analyst reports

**The Generational Perspective report, Alliance Data Card Services

There is a large addressable market for ADS

- Exclude half the market which does NOT fit strategically with ADS:
 - Major Department Stores
 - Amazon share of Apparel / Furniture / Jewelry sales
 - Large Mass Chains



ADS has significant portfolio growth opportunity

Addressable Market

\$360B
Retailer Sales



\$100B
PLCC Volume

~30% of Total Retailer Sales

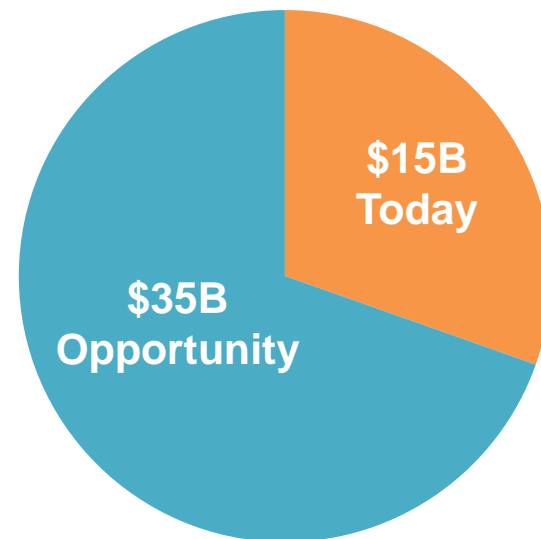


\$50B
Portfolio

\$2 Sales → \$1 Receivables

ADS Opportunity

\$50B
Portfolio

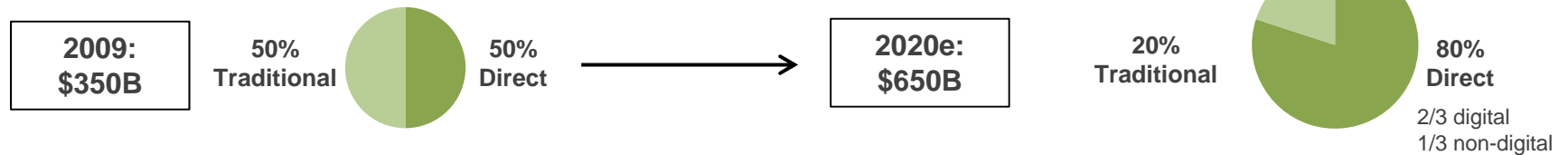


- Today, we have ~150 clients generating a \$15B portfolio (~\$100MM Portfolio/Client)
- Opportunity:
 - Wide net of new and emerging clients
 - ~\$35B incremental AR growth

Opportunity for ADS today is larger today than it's ever been

Retail transformation will outpace the decline in more traditional categories

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



2. Retail consumer spend: modest growth (NOT declining)

3. Growing importance of online for traditional retailers: ADS’ “bread & butter”

Today, retailers: 15% sales online vs. our share: 30% – 40%

4. Rise of pure online retailers



5. Rise of category mega-brands



6. Creation of entirely new fast growing categories



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 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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