



Aimia Inc. (TSX:AIM) Stock Soars on Aeroplan Offer

Description

The breakup between Aeroplan and **Air Canada** has taken another twist.

Last week, **Aimia Inc.** ([TSX:AIM](#)), the company behind Aeroplan, announced that it would be launching its own [charter airline](#) in 2020 after its deal with Air Canada expires, and that the company would be making the Aeroplan more flexible and allow for rewards to be transferred to other airlines.

It looks like that got the attention of Air Canada, as we learned on Wednesday that the airline, along with **Toronto-Dominion Bank**, **Canadian Imperial Bank of Commerce**, and Visa Canada, had made an offer to buy Aeroplan from Aimia for a price of \$2.25 billion.

Air Canada claims that offer would simply help its customers transfer their miles over to Air Canada's new program. However, given the supposed flexibility of the improved Aeroplan deal, it already sounded like Aimia would have given its reward members the flexibility to transfer to other airlines.

This seems like more of an effort for Air Canada to force those members to have to stay with its airline, and the purchase would avoid the risk of customers going to competing airlines, or worse, Aimia's new service. After all, by buying out the Aeroplan, Aimia could very well abandon its plan to launch an airline that could grab market share from Air Canada. There are definitely a lot of incentives for Air Canada to take control of the Aeroplan.

Aimia responded only by saying, "The special committee will consider this proposal in consultation with its legal and financial advisors to assess whether the proposal is in the best interests of shareholders and the company as a whole and will make appropriate recommendations to the board." An initial deadline for the offer was set for August 2.

Aimia's stock got a big boost in price on Wednesday, soaring more than 35% by the close. The stock also got a big boost last week after it announced its plans for 2020.

Is this a good deal for Aimia?

This is the big question that shareholders have to answer, as this could very well go to a vote.

Without the Aeroplan, Aimia would effectively lose a big part of its identity, and there may not be a big reason for investors to stick around afterward. After all, a big reason the stock went on such a [big decline](#) when Air Canada announced it was pulling out of the Aeroplan was because it was a key customer of the loyalty program, and the program was a big part of Aimia's success.

This is not an easy decision for Aimia shareholders, since there will be even bigger decisions that will have to be made if the deal is accepted, including where the company goes from here.

I was very intrigued by Aimia's plans to launch its own airline and thought the company could really create a lot of value for its shareholders by doing so and being smart about the destinations that it would offer. If that's out of the mix, then that could leave the company's future up in the air.

Personally, I'd like to see Aimia reject the offer and try to achieve something bigger. This country and this industry needs the little guys to stand up and provide more competition and not let companies like Air Canada continue to dominate.

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