



## TFSA Investors: Now Is the Time to Buy This Value Stock

### Description

**Groupe Aeroplan** ([TSX:AIM](#)) was founded in 2008, and the company's corporate headquarters are in Montreal, Quebec. The company is a [loyalty and travel consolidator](#) focused on growing earnings through existing investments and the targeted deployment of capital in loyalty solutions and other sectors of the rapidly expanding loyalty and travel markets. Groupe Aeroplan has one operating segment: Loyalty Solutions.

The company appears cheap with a price-to-book ratio of 0.7 and market capitalization of \$397 million. Debt is very sparingly used at the company, as evidenced by a debt-to-equity ratio of just 0.66. The company has sub-par performance metrics as a result of one-time losses with an operating margin of (47.23)% and a return on equity of (53.37)%. Within the Loyalty Solutions segment, Groupe Aeroplan provides [full-service loyalty solutions](#) for the world's leading brands in retail, travel & hospitality, financial services and telecommunications. The company operates over 100 programs in 32 markets globally.

The Loyalty Solutions business offers professional services to support loyalty strategy development and program design, program management and measurement, campaign and creative services, loyalty advanced analytics, and travel and non-travel rewards fulfillment, supported by proprietary technology. The technology includes the Canadian online travel platform, a fully licensed travel agency call centre, and a data analytics platform.

The Loyalty Solutions segment also includes the Air Miles Middle East program and Groupe Aeroplan's international analytics and services business called Intelligent Shopper Solutions (ISS). The Air Miles Middle East program counts more than 1.6 million enrolled members across Qatar and Bahrain.

Members can collect Air Miles from over 100 market-leading companies. The program offers a wealth of unique member redemption experiences such as flight, hotel, and car rental rewards through the program's travel shop as well as including a variety of strong retail partners where members can redeem in-store for products and services. ISS delivers a full suite of tailored retail analytics to a worldwide client base that combine the company's vast knowledge of data, leading edge global products, experienced analysts, consultancy, and retail experience to provide clients with actionable

insight.

The company also has a separate corporate division, which deals with matters related to central operating costs, including costs related to public company disclosure and board costs, consolidated reporting, treasury and acquisitions, that have not been included in the Loyalty Solutions segment.

Groupe Aeroplan's corporate segment has made investments in the following joint ventures: PLM — the owner and operator of a Mexican coalition loyalty program, BIGLIFE — the owner and operator of AirAsia's loyalty program and Cardlytics — a U.S.-based company that makes marketing more relevant and measurable through their purchase intelligence platform.

At the end of Q3 2019, Groupe Aeroplan had \$182.8 million of cash and cash equivalents, \$100.1 million of restricted cash, \$86.8 million of short-term investments, and \$67.3 million of long-term investments in bonds for a total of \$437 million. These sources of capital provide ample resources to fund the company's working capital, capital expenditures, and capital-allocation requirements as well as preferred share dividends.

There is significant intangible value in Groupe Aeroplan's full-service loyalty solutions for the world's leading brands that the market may be undervaluing.

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