



TSX Symbol: **EH**

easyhome Ltd.  
33 City Centre Drive  
Suite 510  
Mississauga, Ontario  
L5B 2N5 Canada  
Tel: 905-272-2788  
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## Press Release

March 5, 2014

### ***easyhome* Ltd. Reports Results for the Fourth Quarter and Year Ended December 31, 2013**

#### ***Record Revenues and Net Income Achieved in Q4 and Fiscal 2013 Full Year Adjusted Net Income Increased 35%***

**Mississauga, March 5, 2014:** easyhome Ltd. (TSX: EH) (“easyhome” or the “Company”), the Canadian leader in providing goods and financial services to the cash and credit constrained consumer, today announced its results for the fourth quarter and full year ended December 31, 2013.

Revenue for the fourth quarter of 2013 increased to \$57.8 million, an increase of 11.8% from \$51.7 million in the fourth quarter of 2012. The growth was driven primarily by the expansion of *easyfinancial* and the related growth of its consumer loans receivable portfolio. Revenue for *easyfinancial* increased by 65% for the fourth quarter of 2013 compared to the fourth quarter of 2012. Operating income for the quarter was \$7.5 million, up \$1.7 million or 30% compared to the fourth quarter of 2012. Net income for the quarter was \$4.3 million, an increase of 15% compared with \$3.8 million reported in the fourth quarter of 2012. Excluding the impact of restructuring and other non-recurring items in the fourth quarter of 2012, operating income and net income increased 51% and 50%, respectively. Diluted earnings per share for the quarter, adjusting for restructuring and other items in 2012, increased by 38% to \$0.33 compared to \$0.24 for the fourth quarter of 2012.

“We are delighted to report continued strong growth in revenue, operating income and net income in the fourth quarter,” said David Ingram, *easyhome*’s President and Chief Executive Officer. “Same store sales growth in the quarter was 66% for *easyfinancial* and 6.8% for easyhome Leasing. As a result, our adjusted operating income increased by 51%.”

During the fourth quarter of 2013, the consumer loans receivable portfolio experienced a record level of growth, increasing by \$17.9 million compared with growth of \$11.1 million in the fourth quarter of 2012. The gross consumer loans receivable as at December 31, 2013 was \$110.7 million compared with \$70.7 million as at December 31, 2012.

Other highlights for the fourth quarter of 2013 include:

#### ***easyfinancial* Services**

- Operating margin of 34.1% for the fourth quarter of 2013 was up from 27.3% reported for the same period in 2012. Strong growth in the quarter coupled with improvements in consumer loan losses positively impacted margins.
- During the quarter, *easyfinancial* opened 10 new stand-alone locations. The Company plans to continue to open new locations and increase its marketing investment to support growth.



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### **easyhome Leasing**

- Same store revenue growth excluding *easyfinancial* Services of 6.8%, driven mainly by the migration of the lease portfolio of closed stores to nearby locations and improved retail execution.
- The operating margin of the leasing business for the fourth quarter of 2013 was 16.4%, up from 15.6% reported in the fourth quarter of 2012.

### **Fiscal 2013 Results**

For the full year, *easyhome* recorded revenues of \$218.8 million, up 9.6% compared with \$199.7 million in fiscal 2012. Operating income for the year was \$25.0 million compared with \$17.7 million in fiscal 2012, an increase of 41%. Excluding the restructuring and other charges in 2012, adjusting operating earnings increased of 44% over fiscal 2012. Both operating income and adjusted operating earnings for 2013 compared to 2012 were negatively impacted by a \$1.8 million increase in stock based incentive compensation plan expenses, driven by the 92% year over year increase in the Company's share price.

Net income for 2013 was \$14.2 million compared to adjusted net income (adjusted for unusual items) of \$10.5 million for 2012. Earnings per share increased from \$0.92 to \$1.15 cents. On a per share basis and excluding unusual items in 2012, earnings per share increased from \$0.87 to \$1.15, an increase of 32.2%.

“My thanks go out to our entire team who work tirelessly to satisfy the needs of countless cash and credit constrained consumers in Canada who are in need of goods and financial services but who have been neglected by mainstream financial services,” said David Ingram. “This was our twelfth consecutive year of growing revenues and producing positive net income.”

In addition to the strong financial performance during 2013, the Company also made significant progress on its strategic initiatives.

- The balance sheet was strengthened to support future growth by increasing the Company's debt facilities and completing a \$20.0 million common share equity offering.
- E-commerce transactional websites were launched for both business units, allowing the Company to reach customers who wish to transact electronically.
- *easyfinancial* further prepared for its 3-year growth plan by implementing a new, industry leading credit underwriting model and opening a Shared Service Centre to provide operational support to the retail branches in areas such as collections, customer retention and customer care.
- *easyhome* Leasing completed the integration of the 15 merchandise leasing stores acquired at the end of 2012.

### **Outlook**

Looking ahead, *easyhome*'s strategic focus remains unchanged. The Company will focus on evolving its delivery channels to better meet the needs of its customers, expanding the size and scope of *easyfinancial* and executing with efficiency and effectiveness.



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The Company included targets for 2014 in its previous press release announcing its results for the third quarter of 2013. Based on the strong results achieved in the fourth quarter of 2013, the Company has revised its targets for 2014 as follows:

- Open 30 - 35 new *easyfinancial* locations with virtually all of these being stand-alone locations (unchanged).
- *easyfinancial* gross consumer loans receivable portfolio growing to \$160 - \$170 million (increased from \$145 - \$155 million).
- *easyfinancial* margins of 28 - 32% (increased from 27 - 29%) will continue to be below the long-term expected margin of 35% due to the impact of increased marketing expenditures and the drag associated with new store openings, both of which are to accelerate growth and promote brand awareness..
- *easyhome* Leasing expects to open two new Be-A-Contender franchise stores that are consolidated for financial reporting purposes and three new franchise stores (unchanged).
- Based on these assumptions, the Company is targeting total revenue growth of 10 - 12% (unchanged).

The achievement of these targets by the Company, however, is predicated on a number of factors, including the pace of expansion of *easyfinancial*.

The Board of Directors has approved a quarterly dividend payment of \$0.085 per share payable on April 11, 2014 to the holders of common shares of record as at the close of business on March 28, 2014.

### **About easyhome**

As at March 5, 2014, easyhome Ltd. operated 236 easyhome leasing stores (including 9 consolidated franchise locations and 55 other franchise locations) and 127 *easyfinancial* locations.

easyhome Ltd. is the Canadian leader in providing goods and financial services to the cash and credit constrained consumer. easyhome Ltd. serves its customers through two key operating divisions, easyhome Leasing and *easyfinancial*. easyhome Leasing is Canada's largest merchandise leasing Company, offering top quality, brand-name household furnishings, appliances and home electronic products to consumers under weekly or monthly leasing agreements through both corporate and franchise stores. *easyfinancial* is a leading provider of consumer loans as an alternative to traditional banks and payday lenders. easyhome Ltd. is listed on the TSX under the symbol 'EH'. For more information, visit [www.easyhome.ca](http://www.easyhome.ca).

The above analysis refers to certain financial measures, including same store revenue growth and gross consumer loans receivable which are not determined in accordance with International Financial Reporting Standards ("IFRS"). These measures do not have standardized meanings and may not be comparable to similar measures presented by other companies. These measures are defined in our Management's Discussion and Analysis for the period which is available on SEDAR or on the Company's website at [www.easyhome.ca](http://www.easyhome.ca) or can be determined by reference to our financial statements. We discuss these measures as we believe that they facilitate the understanding of the results of our operations and financial position.



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### Forward-Looking Statements

This news release includes forward-looking statements about *easyhome* Ltd., including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as 'expects', 'anticipates', 'intends', 'plans', 'believes' or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future financial performance (including revenue, earnings or growth rates), ongoing business strategies or prospects about future events is also a forward-looking statement. Forward-looking statements are based on certain factors and assumptions, including expected growth, results of operations and business prospects and are inherently subject to, among other things, risks, uncertainties and assumptions about our operations, economic factors and the industry generally. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by us, due to, but not limited to important factors such as our ability to enter into new lease and/or financing agreements, collect on existing lease and/or financing agreements, open new locations on favourable terms, secure new franchised locations, purchase products which appeal to our customers at a competitive rate, cope with changes in legislation, react to uncertainties related to regulatory actions, raise capital under favourable terms, manage the impact of litigation (including shareholder litigation), control costs at all levels of the organization and maintain and enhance our system of internal controls. We caution that the foregoing list is not exhaustive. The reader is cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements, which may not be appropriate for other purposes. We are under no obligation (and expressly disclaim any such obligation) to update or alter the forward-looking statements whether as a result of new information, future events or otherwise, unless otherwise required by law.

(tables follow)

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easyhome Ltd.

**CONSOLIDATED STATEMENTS OF INCOME**

(unaudited)

(expressed in thousands of Canadian dollars except earnings per share)

	Three months ended		Years ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
<b>REVENUE</b>				
Lease revenue	37,788	39,124	153,347	156,049
Interest income	11,175	7,168	37,581	24,701
Other	8,833	5,402	27,886	18,923
	<b>57,796</b>	<b>51,694</b>	<b>218,814</b>	<b>199,673</b>
<b>EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</b>				
Salaries and benefits	17,159	16,478	66,127	63,885
Stock based compensation	1,349	1,039	3,803	2,035
Advertising and promotion	1,841	1,899	7,379	7,757
Bad debts	4,449	3,019	14,800	9,779
Occupancy	6,674	6,465	26,232	25,832
Distribution and travel	1,803	1,765	6,988	7,300
Other	3,433	2,933	14,808	12,988
Restructuring and other items	-	(814)	-	(378)
	<b>36,708</b>	<b>32,784</b>	<b>140,137</b>	<b>129,198</b>
<b>DEPRECIATION AND AMORTIZATION</b>				
Depreciation of lease assets	12,158	12,334	48,078	48,379
Depreciation of property and equipment	1,075	1,041	4,389	4,019
Amortization of intangible assets	384	273	1,309	621
Impairment, net	(38)	(528)	(64)	(253)
	<b>13,579</b>	<b>13,120</b>	<b>53,712</b>	<b>52,766</b>
Total operating expenses	<b>50,287</b>	<b>45,904</b>	<b>193,849</b>	<b>181,964</b>
Operating income	<b>7,509</b>	<b>5,790</b>	<b>24,965</b>	<b>17,709</b>
Finance costs	<b>1,414</b>	<b>1,215</b>	<b>5,638</b>	<b>2,643</b>
Income before income taxes	<b>6,095</b>	<b>4,575</b>	<b>19,327</b>	<b>15,066</b>
Income tax expense (recovery)				
Current	935	(536)	4,554	5,309
Deferred	824	1,345	591	(1,300)
	<b>1,759</b>	<b>809</b>	<b>5,145</b>	<b>4,009</b>
<b>Net income</b>	<b>4,336</b>	<b>3,766</b>	<b>14,182</b>	<b>11,057</b>
<b>Basic earnings per share</b>	<b>0.34</b>	<b>0.32</b>	<b>1.16</b>	<b>0.92</b>
<b>Diluted earnings per share</b>	<b>0.33</b>	<b>0.31</b>	<b>1.15</b>	<b>0.92</b>

easyhome Ltd.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(unaudited)

(expressed in thousands of Canadian dollars)

	As at December 31, 2013	As at December 31, 2012
<b>ASSETS</b>		
Cash	2,329	4,631
Amounts receivable	7,206	5,536
Prepaid expenses	1,699	964
Consumer loans receivable	103,936	66,584
Lease assets	68,453	68,075
Property and equipment	15,793	13,729
Deferred tax assets	3,997	4,232
Intangible assets	9,524	6,213
Goodwill	19,963	19,963
<b>TOTAL ASSETS</b>	<b>232,900</b>	<b>189,927</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Bank revolving credit facility	23,496	21,281
Accounts payable and accrued liabilities	24,301	33,155
Income taxes payable	3,929	4,216
Dividends payable	1,130	1,012
Deferred lease inducements	2,749	2,462
Unearned revenue	3,763	3,922
Provisions	21	536
Term loan	37,878	18,330
<b>TOTAL LIABILITIES</b>	<b>97,267</b>	<b>84,914</b>
<b>Shareholders' equity</b>		
Share capital	79,923	60,885
Contributed surplus	4,169	3,035
Accumulated other comprehensive income (loss)	307	(137)
Retained earnings	51,234	41,230
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>135,633</b>	<b>105,013</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>232,900</b>	<b>189,927</b>