



TSX Symbol: **EH**

easyhome Ltd.
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Press Release

November 6, 2014

***easyhome* Ltd. Reports Results for the Third Quarter ended September 30, 2014**

Continued Record Revenue and Successful Launch of goeasy Master Brand

Mississauga, November 6, 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 third quarter ended September 30, 2014.

Revenue for the third quarter of 2014 increased to \$65.5 million, an increase of 19.4% from \$54.9 million in the third quarter of 2013. Total same store sales growth in the quarter was 20.7%. The growth was driven primarily by the expansion of *easyfinancial* and the related growth of its consumer loans receivable portfolio by \$20.3 million during the third quarter of 2014 compared with \$8.9 million in the third quarter of 2013. The gross consumer loans receivable as at September 30, 2014 was \$165.7 million compared with \$92.8 million as at September 30, 2013, an increase of 79%.

Operating income for the quarter was \$7.4 million, up \$0.5 million or 6.6% compared to the third quarter of 2013. Net income for the quarter was \$3.5 million, a decrease of 9.1% compared with \$3.8 million reported in the third quarter of 2013. During the third quarter of 2014, *easyhome* made a planned one-time investment in advertising expenditures to support the launch of the *goeasy* master brand that reduced net income by \$1.1 million (net of tax) and earnings per share by \$0.08. Diluted earnings per share for the quarter decreased by \$0.06 to \$0.25 compared to \$0.31 for the third quarter of 2013.

“*easyhome* again delivered record revenues,” said David Ingram, *easyhome*’s President and Chief Executive Officer. “We are still in the early days of the *goeasy* master brand launch but since the launch on September 15, 2014, we have seen an increase in the number of visitors to our websites and have realized an improvement in the number of deliveries and new customers within our leasing business compared to the trend during 2014. These positive changes will help the Company to deliver strong revenue growth and improved earnings in the fourth quarter and onwards, while advertising expenditures will return to more normal run rates.”

Other highlights for the third quarter of 2014 include:

***easyfinancial* Services**

- Revenue for *easyfinancial* increased by 75% for the third quarter of 2014 compared to the third quarter of 2013.
- Net charge-offs as a percentage of the average gross consumer loans receivable balance declined from 15.2% in the third quarter of 2013 to 14.9% in the third quarter of 2014.
- *easyfinancial*’s strong loan book growth during the third quarter of 2014, coupled with the consistent application of its methodology for determining its allowance for loan losses, resulted in a greater provisions for future charge offs. As a result, *easyfinancial*’s bad debt expense as a percentage of revenue increased from 26.0% to 27.0% in the third quarter of 2014.



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- Operating margin of 29.6% for the third quarter of 2014 was down from 32.5% reported for the same period in 2013. The increased advertising expenditures and the increased bad debt expenses reduced operating margin by 1.5% and 1.0%, respectively.
- During the quarter, *easyfinancial* opened six new stand-alone locations.

easyhome Leasing

- Revenue for *easyhome* Leasing declined by 2.2% for the third quarter of 2014 compared to the third quarter of 2013, primarily due to the impact of store closures over the preceding 15 months and partially offset by same store sales growth of 1.7%.
- The operating margin of *easyhome* Leasing declined from 16.6% in the third quarter of 2013 to 11.2% in the third quarter of 2014. As with *easyfinancial*, the increased level of advertising expenditures, combined with the realignment of merchandising activities to optimize inventory for the launch of the *goeasy* master brand, caused the majority of the margin decline.

Nine Months Results

For the first nine months of the year, *easyhome* recorded revenues of \$189.1 million, up 17.4% compared with \$161.0 million in the first nine months of 2013. Operating income for the period was \$23.1 million compared with \$17.5 million in the first nine months of 2013, an increase of 32%, while net income increased by \$2.8 million or 28%. Earnings per share increased from \$0.81 to \$0.91 cents, an increase of \$0.10 or 12%.

2015 Targets

The Company has established the following targets for 2015:

- Open 40 - 45 new *easyfinancial* locations with virtually all of these being stand-alone locations.
- *easyfinancial* gross consumer loans receivable portfolio growing to \$260 - \$270 million.
- *easyfinancial* margins of 30 - 32% will remain consistent with 2014 due to the continued investments in the development and implementation of new technologies, the earnings drag from newly opened locations and the initial cost for developing new distribution channels.
- *easyhome* leasing expects to open three new franchise stores.

Based on these assumptions, the Company is targeting total revenue growth of 17 - 20%. 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 January 9, 2015 to the holders of common shares of record as at the close of business on December 29, 2014.

About *easyhome*



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As at September 30, 2014, *easyhome Ltd.* operated 235 *easyhome* leasing stores (including 9 consolidated franchise locations and 62 other franchise locations) and 143 *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 under the master brand *goeasy* through its 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.

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 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.

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



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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)

For further information contact:

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easyhome Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited)

(expressed in thousands of Canadian dollars)

	As at September 30, 2014	As at December 31, 2013
ASSETS		
Cash	6,056	2,329
Amounts receivable	9,213	7,206
Prepaid expenses	2,293	1,699
Consumer loans receivable	155,779	103,936
Lease assets	63,591	68,453
Property and equipment	17,103	15,793
Deferred tax assets	8,096	3,997
Intangible assets	11,962	9,524
Goodwill	19,963	19,963
TOTAL ASSETS	294,056	232,900
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Bank revolving credit facility	-	23,496
Accounts payable and accrued liabilities	32,620	24,322
Income taxes payable	7,255	3,929
Dividends payable	1,133	1,130
Deferred lease inducements	2,469	2,749
Unearned revenue	3,724	3,763
Term loan	99,702	37,878
Total Liabilities	146,903	97,267
Shareholders' Equity		
Share capital	80,349	79,923
Contributed surplus	5,650	4,169
Accumulated other comprehensive income	682	307
Retained earnings	60,472	51,234
Total Shareholders' Equity	147,153	135,633
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	294,056	232,900

easyhome Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

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

	Three months ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
REVENUE				
Lease revenue	37,041	37,913	113,623	115,559
Interest income	17,107	9,844	44,622	26,406
Other	11,380	7,109	30,863	19,053
	65,528	54,866	189,108	161,018
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION				
Salaries and benefits	19,107	16,152	56,849	48,968
Stock based compensation	1,182	895	4,450	2,454
Advertising and promotion	3,174	1,655	6,510	5,538
Bad debts	7,252	3,974	17,507	10,351
Occupancy	6,994	6,495	20,903	19,558
Other	6,080	5,379	17,673	16,560
	43,789	34,550	123,892	103,429
DEPRECIATION AND AMORTIZATION				
Depreciation of lease assets	12,564	11,968	36,925	35,920
Depreciation of property and equipment	1,215	1,096	3,560	3,314
Amortization of intangible assets	526	318	1,512	925
Impairment, net	26	(14)	168	(26)
	14,331	13,368	42,165	40,133
Total operating expenses	58,120	47,918	166,057	143,562
Operating income	7,408	6,948	23,051	17,456
Finance costs	2,535	1,686	5,893	4,224
Income before income taxes	4,873	5,262	17,158	13,232
Income tax expense (recovery)				
Current	1,708	1,217	8,621	3,619
Deferred	(305)	228	(4,099)	(233)
	1,403	1,445	4,522	3,386
Net income	3,470	3,817	12,636	9,846
Basic earnings per share	0.26	0.32	0.94	0.82
Diluted earnings per share	0.25	0.31	0.91	0.81