



TSX Symbol: GSY

goeasy Ltd.
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Press Release

August 2, 2016

goeasy Ltd. Reports Record Performance for the Second Quarter ended June 30, 2016

Revenue Growth of 18%
Net Income Growth of 110% (Normalized Growth of 58%),
25th Consecutive Quarter for Same Store Sales Growth

Mississauga August 2, 2016: *goeasy* Ltd. (TSX: GSY), ("*goeasy*" or the "**Company**"), a leading full service provider of goods and alternative financial services that improve the lives of everyday Canadians, today announced its results for the second quarter ended June 30, 2016.

Q2 2016 Results

Revenue for the second quarter of 2016 increased to \$86.1 million, an increase of 18.1% from \$73.9 million in the second quarter of 2015. Total same store sales growth in the quarter was 20.0%. The growth was driven primarily by the expansion of *easyfinancial* and the related growth of its consumer loans receivable portfolio which reached \$326 million by quarter's end, up 41% when compared with June 30, 2015. Loan book growth in the second quarter of 2016 was \$22.0 million.

Operating income for the quarter was \$18.1 million, up \$7.7 million or 74.2% compared to operating income of \$10.4 million for the second quarter of 2015. Normalized operating income, excluding a gain on the sale of an investment, was \$15.1 million, an increase of \$4.7 million or 45.4%. Net income and diluted earnings per share for the quarter increased by 109.7% and 108.3%, respectively, from the second quarter of 2015 to \$10.5 million and \$0.75, respectively. On a normalized basis, net income was \$7.9 million and diluted earnings per share was \$0.57, both of which increased 58% from net income of \$5.0 million and diluted earnings per share of \$0.36 reported in the second quarter of 2015. These income statement metrics represent record second quarter performance for *goeasy*.

"We are delighted to report another record quarter, reflecting strong consumer demand from both online loan originations and walk-in traffic into our branch network," said David Ingram, *goeasy's* President and Chief Executive Officer. "We are reaping the benefits from our brand investment in *easyfinancial* on TV and our digital platforms which have resulted in improving consumer awareness for our installment loans. In addition, we are benefiting from our acquisition of 45 branches from the Cash Store in 2015. Their contribution to earnings has resulted in higher operating margins and increased guidance for *easyfinancial*."

Other highlights for the second quarter of 2016 include:

easyfinancial

- Revenue increased by 42.8% for the second quarter of 2016 compared to the second quarter of 2015.
- Gross loan originations increased by 27.3% from \$77.4 million in the second quarter of 2015 to \$98.5 million in the current quarter.
- Net charge offs as a percentage of the average gross consumer loans receivable on an annualized basis were 15.2%, within the targeted range.
- Cash generated from *easyfinancial* customer payments was \$86.4 million in the second quarter of 2016 compared to \$61.0 million in the second quarter of 2015.

easyhome

- Same store revenue growth was slightly negative at (0.5%).
- The operating margin for *easyhome* for the second quarter of 2016 was 12.9%.

Overall

- Normalized operating margin was 17.6% for the quarter, up from the operating margin of 14.3% in the second quarter of 2015.
- The Company's normalized return on equity improved to 17.4% in the current quarter from 12.4% in the second quarter of 2015.

Six Months Results

For the first half of the year, *goeasy* achieved revenues of \$168.4 million, up 17.4% compared with \$143.4 million in the first half of 2015. Operating income for the period was \$32.9 million compared with \$20.2 million in the first six months of 2015, an increase of \$12.7 million or 62.9%. Normalized operating income, excluding a gain on the sale of an investment, was \$29.9 million, an increase of \$9.7 million or 48.1%. Net income for the first half of the year was \$17.8 million and diluted earnings per share was \$1.27. On a normalized basis, net income was \$15.2 million and diluted earnings per share was \$1.09, compared to net income of \$9.9 million and diluted earnings per share of \$0.71 reported in the second quarter of 2015, increases of 52.8% and 53.5%, respectively.

Outlook

The Company reconfirmed its stated targets for 2016 including growing the loan book to \$360 - \$390 million by the end of 2016, opening between 10 and 20 new *easyfinancial* locations this year and achieving revenue growth of 16% - 20%. Additionally, based on the strong consumer loans receivable growth coupled with improving cost efficiencies and scale, particularly in the areas of labour and advertising, the Company has increased its targeted operating margin for *easyfinancial* to 34% to 36% while maintaining loan loss rates within our targeted range of 14% to 16%.

The Company also reconfirmed its stated targets for 2018 including reaching a \$500 million loan book and total *easyfinancial* branch count of between 220 and 240 by the end of 2018. Given the strong margins reported for *easyfinancial* in the current year to date period, the Company has also increased its targeted operating margin for *easyfinancial* to 36% to 38% for 2018.

Normal Course Issuer Bid and Dividend

On June 23, 2015, the Company put in place a Normal Course Issuer Bid allowing it to purchase for cancellation up to 670,000 Common Shares. During the three month period ended June 30, 2016, the Company purchased and cancelled 182,800 of its common shares and to-date the Company has purchased and cancelled 452,341 of its common shares under this normal course issuer bid which expired on June 24, 2016.

On June 22, 2016 the Company renewed its Normal Course Issuer Bid for a further 12 months allowing it to purchase for cancellation up to an additional 986,105 Commons Shares.

The Board of Directors has approved a quarterly dividend of \$0.125 per share payable on October 14, 2016 to the holders of common shares of record as at the close of business on September 30, 2016.

Forward-Looking Statements

This press release includes forward-looking statements about *goeasy*, including, but not limited to, its business operations, strategy and expected financial performance and condition. Forward-looking statements include, but are not limited to, those with respect to the estimated number of new locations to be opened, targets for growth of the consumer loans receivable portfolio, annual revenue growth targets, strategic initiatives, new product offerings and new delivery channels, anticipated cost savings, planned capital expenditures, anticipated capital requirements, liquidity of the Company, plans and references to future operations and results and critical accounting estimates. In certain cases, forward-looking statements that are predictive in nature, depend upon or refer to future events or conditions, and/or can be identified by the use of words such as 'expects', 'anticipates', 'intends', 'plans', 'believes', 'budgeted', 'estimates', 'forecasts', 'targets' or negative versions thereof and similar expressions, and/or state that certain actions, events or results 'may', 'could', 'would', 'might' or 'will' be taken, occur or be achieved.

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 the Company's operations, economic factors and the industry generally, as well as those factors referred to in the Company's December 31, 2015 Management Discussion and Analysis in the section entitled "Risk Factors". There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those expressed or implied by forward-looking statements



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made by the Company, due to, but not limited to, important factors such as the Company's 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 customers at a competitive rate, respond to changes in legislation, react to uncertainties related to regulatory action, 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 the system of internal controls. The Company cautions 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. The Company is under no obligation (and expressly disclaims any such obligation) to update or alter the forward-looking statements whether as a result of new information, future events or otherwise, unless required by law.

About goeasy

As at June 30, 2016, the Company operated 180 *easyhome* stores (including 26 franchises and 3 consolidated franchise locations) and 210 *easyfinancial* locations.

goeasy Ltd. is a leading full service provider of goods and alternative financial services that improve the lives of everyday Canadians. Today, *goeasy* Ltd. serves its customers through two key operating divisions, *easyhome* and *easyfinancial*. *easyhome* is Canada's largest lease-to-own company, offering brand-name household furniture, appliances and electronics to consumers under weekly or monthly leasing agreements through both corporate and franchise stores. *easyfinancial* is the leading provider of alternative financial services, offering consumer loans between \$500-\$15,000, and is supported by a strong central credit adjudication process and industry leading risk analytics. *easyfinancial* also operates an indirect lending channel, offering loan products to consumers at the point-of-sale of third party merchants. Both operating divisions of *goeasy* Ltd. offer the highest level of customer service and enable customers to transact through a national store and branch network of over 180 *easyhome* and 200 *easyfinancial* locations across Canada and through its online and mobile eCommerce enabled platforms.

goeasy Ltd. is listed on the TSX under the symbol 'GSY'. For more information, visit www.goeasy.com.



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goeasy Ltd.**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(unaudited)

(expressed in thousands of Canadian dollars)

	As At June 30, 2016	As At December 31, 2015
ASSETS		
Cash	20,491	11,389
Amounts receivable	10,884	13,000
Prepaid expenses	2,582	2,446
Consumer loans receivable	306,789	270,961
Lease assets	56,404	60,753
Property and equipment	17,908	18,689
Deferred tax assets	7,953	5,913
Intangible assets	14,842	14,041
Goodwill	21,310	21,310
TOTAL ASSETS	459,163	418,502
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued liabilities	25,442	23,617
Income taxes payable	3,219	700
Dividends payable	1,677	1,341
Deferred lease inducements	1,682	1,922
Unearned revenue	4,612	3,982
Provisions	435	582
Term loan	235,924	210,299
TOTAL LIABILITIES	272,991	242,443
Shareholders' equity		
Share capital	83,111	81,725
Contributed surplus	8,471	9,852
Accumulated other comprehensive income	814	969
Retained earnings	93,776	83,513
TOTAL SHAREHOLDERS' EQUITY	186,172	176,059
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	459,163	418,502

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

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

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
REVENUE				
Lease revenue	34,244	36,120	70,192	72,873
Interest income	33,974	23,641	65,529	44,799
Other	17,880	13,129	32,702	25,743
	86,098	72,890	168,423	143,415
Other income	3,000	-	3,000	-
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION				
Salaries and benefits	23,438	21,078	46,006	42,233
Stock based compensation	992	975	1,999	2,595
Advertising and promotion	4,135	2,728	6,620	5,315
Bad debts	13,315	9,436	25,695	17,604
Occupancy	8,230	7,953	16,209	15,589
Other expenses	7,246	6,405	14,596	12,363
	57,356	48,575	111,125	95,699
DEPRECIATION AND AMORTIZATION				
Depreciation of lease assets	11,141	11,634	22,587	23,258
Depreciation of property and equipment	1,421	1,359	2,804	2,639
Amortization of intangible assets	1,031	862	2,005	1,584
Impairment, net	5	46	5	46
	13,598	13,901	27,401	27,527
Total operating expenses	70,954	62,476	138,526	123,226
Operating income	18,144	10,414	32,897	20,189
Finance costs	5,114	3,621	9,935	6,751
Income before income taxes	13,030	6,793	22,962	13,438
Income tax expense (recovery)				
Current	3,574	1,786	7,227	3,038
Deferred	(1,067)	(10)	(2,040)	460
	2,507	1,776	5,187	3,498
Net income	10,523	5,017	17,775	9,940
Basic earnings per share	0.77	0.37	1.30	0.73
Diluted earnings per share	0.75	0.36	1.27	0.71