



TSX Symbol: **EH**

easyhome Ltd.
33 City Centre Drive
Suite 510
Mississauga, Ontario
L5B 2N5 Canada
Tel: 905-272-2788
Fax: 905-272-9886

Press Release

August 8, 2013

***easyhome* Ltd. Reports Results for the Second Quarter ended June 30, 2013 and Announces Dividend**

Record Revenues Drove a 30% Increase in Normalized Earnings Per Share

Mississauga, August 8, 2013: easyhome Ltd. (TSX: EH) (“easyhome” or the “Company”), Canada's largest merchandise leasing company and a leading provider of consumer loans as an alternative to traditional banks and payday lenders, today announced its results for the second quarter ended June 30, 2013.

Revenue for the second quarter of 2013 was a record for the Company of \$53.8 million, an increase of 9.9 percent over last year and driven primarily by the expansion of the *easyfinancial* Services business and the related growth of its consumer loans receivable portfolio. Operating income for the quarter was \$5.4 million, up 59% from \$3.4 million reported in the second quarter of 2012. Net income for the quarter was \$3.1 million, up 54% from \$2.0 million reported in the second quarter of 2012. Earnings per share for the quarter was \$0.26 compared to \$0.17 for the second quarter of 2012. Adjusting the prior year results for unusual and non-recurring items, net income and earnings per share increased by 33% and 30%, respectively.

“*easyhome* delivered record revenues and its best second quarter financial performance in the Company’s history,” said David Ingram, *easyhome*’s President and Chief Executive Officer. “Strong revenue and earnings gains were driven by the continued growth of *easyfinancial* Services and by the improved results of our leasing business which benefited from the restructuring activities and changes to our retail footprint which occurred last year.”

“Additionally, and as previously announced, the Company increased its term loan credit facility supporting *easyfinancial* Services to \$50 million during the quarter and we have negotiated a reduction to the interest rate we pay. The additional financing will allow *easyfinancial* Services to grow unencumbered and build upon its leadership position as an alternative provider of term financing to consumers. We are confident that the continued growth of *easyfinancial* Services, coupled with the improved results of our leasing business, will lead to sustained growth of both revenue and earnings in future quarters.”

Other highlights for the second quarter of 2013 include:

***easyhome* Leasing**

- Same store revenue growth excluding *easyfinancial* Services of 9.8%, driven mainly by the migration of the lease portfolio of closed stores to nearby locations and the improved retail execution resulting from the restructuring that occurred in the prior year.
- Although the number of leasing stores declined from 204 at June 30, 2012 to 186 at June 30, 2013, the revenue of the leasing business showed modest growth.
- The operating margin of the leasing business for the second quarter of 2013 increased to 15.8%, up from 11.6% reported in the second quarter of 2012 (excluding non-recurring or unusual items in 2012).



TSX Symbol: **EH**

easyhome Ltd.
33 City Centre Drive
Suite 510
Mississauga, Ontario
L5B 2N5 Canada
Tel: 905-272-2788
Fax: 905-272-9886

Press Release

August 8, 2013

easyfinancial Services

- The consumer loans receivable portfolio closed at \$83.9 million, representing a year-over-year increase of 50%. The increased portfolio drove a 51% increase in *easyfinancial Services*' revenue for the quarter compared to the second quarter of 2012.
- Operating margin of 27.9% was reduced slightly from the comparable quarter in the prior year. The Company expects to continue investing to drive growth in the upcoming quarters which will lead to greater loan book growth but will continue to put negative pressure on margins in the short-term.
- During the second quarter of 2013, *easyfinancial* soft launched its e-commerce platform. The new website helped to increase the number of loan applications by 26% during the quarter compared to the second quarter of 2012. The Company will continue to refine this new delivery channel over the coming months.

Overall

- Same store revenue growth of 16.9%.
- Operating margin of 10.1% and EBITDA margin of 12.8%, up from 7.0% and 9.6%, respectively, from the second quarter of 2012.

Liquidity Highlights

- As at June 30, 2013, the Company had accessed \$57 million or 67% of its \$85 million committed credit facilities.
- Cash flow provided by operating activities for the six months ended June 30, 2013 was \$11.0 million. Excluding the net investment in the *easyfinancial Services* loan portfolio, cash flow from operating activities was \$29.6 million.

Second Quarter Results

For the second quarter ended June 30, 2013, *easyhome* generated revenues of \$53.8 million, an increase from \$48.9 million in the second quarter of 2012. At the store level, including *easyfinancial*, same store revenue growth for the quarter was 16.9% compared with growth of 6.4% for the second quarter of 2012.

On a segmented basis, *easyfinancial Services* revenues increased 51% to \$13.3 million from \$8.8 million for the same period last year. The improvement is a result of the increase in the consumer loans receivable portfolio from \$55.8 million to \$83.9 million. The Company's leasing operations recorded revenues of \$40.0 million and franchising operations recorded revenues of \$0.4 million. Leasing revenues for the second quarter of 2013 were negatively impacted by fewer locations but this decline was more than offset by the migration of the lease portfolio of closed stores to nearby locations and the improved retail execution brought about by the restructuring that occurred in the prior year.

Operating income, which is income before interest expense and income taxes, increased 59% to \$5.4 million from \$3.4 million in the second quarter of 2012. Adjusting the prior year results for unusual and non-recurring items, operating earnings increased by 41%. Quarterly revenue increases and lower costs within the leasing business more than offset a greater level of costs within *easyfinancial* due to the larger loan portfolio and store count and increased incentive



TSX Symbol: **EH**

easyhome Ltd.
33 City Centre Drive
Suite 510
Mississauga, Ontario
L5B 2N5 Canada
Tel: 905-272-2788
Fax: 905-272-9886

Press Release

August 8, 2013

compensation expenses at corporate. As a percentage of revenue, operating income was 10.1% compared to 7.0% in the second quarter of 2012.

Net income increased to \$3.1 million for the second quarter of 2013, compared with net income of \$2.0 million for the second quarter of 2012 (or \$2.3 million excluding non-recurring or unusual items). On a per share basis, earnings were \$0.26 compared with \$0.17 for the second quarter of 2012 (or \$0.20 excluding non-recurring or unusual items).

Six Months Results

For the first half of the year, *easyhome* recorded revenues of \$106.2 million, up 7.6% compared with \$98.7 million in the first half of 2012. Operating income for the period was \$10.5 million compared with \$7.6 million in the first six months of 2012. Adjusted operating earnings for the first half of 2012, excluding the restructuring and other charges, was \$8.1 million. Earnings per share increased from \$0.39 to \$0.50 cents. On a per share basis, excluding unusual items in 2012, earnings per share increased by \$0.08 or 19%.

Donald K. Johnson, Chairman of the Board, commented, "The Board is pleased with the Company's performance during the first half of the year. Management's execution of the Company's stated strategy over the past several quarters resulted in the continued growth of both revenues and net income. The additional financing secured in the most recent quarter will ensure that this growth can continue for the balance of the year, resulting in improved value for *easyhome*'s shareholders."

The Board of Directors has approved a quarterly dividend payment of \$0.085 per share payable on October 4, 2013 to the holders of common shares of record as at the close of business on September 27, 2013.

About easyhome

As at July 31, 2013, *easyhome* Ltd. operated 186 *easyhome* leasing stores (including 9 consolidated franchise locations), 108 *easyfinancial* locations and had 50 franchise locations.

easyhome Ltd. 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. In addition, the Company is a leading provider of consumer loans as an alternative to traditional banks and payday lenders through its *easyfinancial* Services business. *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, gross consumer loans receivable, adjusted earnings, adjusted operating earnings and adjusted EBITDA, 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



TSX Symbol: **EH**

easyhome Ltd.
33 City Centre Drive
Suite 510
Mississauga, Ontario
L5B 2N5 Canada
Tel: 905-272-2788
Fax: 905-272-9886

Press Release

August 8, 2013

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 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:

David Ingram
President & Chief Executive Officer
(905) 272-2788

-or-

Steve Goertz
Senior Vice President and Chief Financial Officer
(905) 272-2788

easyhome Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited)

(expressed in thousands of Canadian dollars)

	As at June 30, 2013	As at December 31, 2012
ASSETS		
Current assets		
Cash	4,729	4,631
Amounts receivable	4,524	4,536
Consumer loans receivable	44,767	34,425
Prepaid expenses	1,307	964
Total current assets	55,327	44,556
Amounts receivable	1,639	1,000
Consumer loans receivable	33,986	32,159
Lease assets	63,996	68,075
Property and equipment	14,483	13,729
Deferred tax assets	4,693	4,232
Intangible assets	7,240	6,213
Goodwill	19,963	19,963
TOTAL ASSETS	201,327	189,927
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank revolving credit facility	23,750	21,281
Accounts payable and accrued liabilities	21,607	31,696
Income taxes payable	6,319	4,216
Dividends payable	1,011	1,012
Deferred lease inducements	619	564
Unearned revenue	4,358	3,922
Provisions	186	379
Total current liabilities	57,850	63,070
Accounts payable and accrued liabilities	1,448	1,459
Deferred lease inducements	1,819	1,898
Term loan	30,414	18,330
Provisions	12	157
Total liabilities	91,543	84,914
Shareholders' equity		
Share capital	60,893	60,885
Contributed surplus	3,440	3,035
Accumulated other comprehensive income (loss)	225	(137)
Retained earnings	45,226	41,230
Total shareholders' equity	109,784	105,013
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	201,327	189,927

easyhome 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, 2013	June 30, 2012	June 30, 2013	June 30, 2012
REVENUE				
Lease revenue	38,727	38,672	77,646	78,911
Interest income	8,695	5,790	16,562	11,030
Other	6,341	4,441	11,944	8,749
	53,763	48,903	106,152	98,690
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION				
Salaries and benefits	16,926	15,365	32,816	31,532
Stock based compensation	655	195	1,559	493
Advertising and promotion	2,108	2,303	3,883	4,156
Bad debts	3,231	2,325	6,377	4,326
Occupancy	6,343	6,384	13,063	13,047
Distribution and travel	1,739	1,933	3,465	3,714
Other	3,844	3,142	7,716	6,679
Restructuring and other items	-	436	-	436
	34,846	32,083	68,879	64,383
DEPRECIATION AND AMORTIZATION				
Depreciation of lease assets	12,019	12,122	23,952	24,198
Depreciation of property and equipment	1,110	996	2,218	1,971
Amortization of intangible assets	313	115	607	229
Impairment, net	50	166	(12)	282
	13,492	13,399	26,765	26,680
Total operating expenses	48,338	45,482	95,644	91,063
Operating income	5,425	3,421	10,508	7,627
Finance costs	1,354	463	2,538	947
Income before income taxes	4,071	2,958	7,970	6,680
Income tax expense (recovery)				
Current	850	3,534	2,402	4,451
Deferred	104	(2,606)	(461)	(2,424)
	954	928	1,941	2,027
Net income	3,117	2,030	6,029	4,653
Basic earnings per share	0.26	0.17	0.50	0.39
Diluted earnings per share	0.26	0.17	0.50	0.39