



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

November 6, 2013

***easyhome* Ltd. Reports Results for the Third Quarter Ended September 30, 2013**

Record Revenues Result in a 41% Increase in Diluted Earnings Per Share Company Announces Plans to Significantly Expand *easyfinancial*

Mississauga, November 6, 2013: *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, 2013.

Revenue for the third quarter of 2013 increased to \$54.9 million, an increase of 11.3% from \$49.3 million in the third quarter of 2012. The growth was driven primarily by the expansion of *easyfinancial* and the related growth of its consumer loans receivable portfolio. Operating income for the quarter was \$6.9 million, up \$2.7 million or 62% compared to the third quarter of 2012. Net income for the quarter was \$3.8 million, an increase of 45% compared with \$2.6 million reported in the third quarter of 2012. Diluted earnings per share for the quarter increased by 41% to \$0.31 compared to \$0.22 for the third quarter of 2012.

"We are delighted to report continued strong growth in revenue, operating income and net income," said David Ingram, *easyhome*'s President and Chief Executive Officer. "Our leasing business delivered a 14.3% improvement in its operating income while *easyfinancial*'s operating income increased 50%."

"The ever increasing demand for *easyfinancial*'s loan products has given us the confidence to embark on a more aggressive growth plan for *easyfinancial*," continued Mr. Ingram. "We are building on a foundation of strength while enjoying record performance during 2013. We have in place the capital, the systems and analytical tools, the personnel and the required strategic framework to significantly expand our *easyfinancial* operations and realize *easyfinancial*'s vision of becoming Canada's leading alternative provider of financial services to the cash and credit constrained consumer."

Additionally, the Company announced a \$20.0 million equity financing that will close on November 12, as well as a debt refinancing earlier in the year and is well capitalized to deliver its growth plans for *easyfinancial*.



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Announcing Three Year Growth Plan (2014 – 2016)

easyhome plans to strategically invest in growing the number of locations for stand-alone branches of *easyfinancial* to approximately 225 over the next three years, up from 112 at September 30, 2013. This growth of the retail footprint and the introduction of new delivery channels will help grow *easyfinancial*'s consumer loans receivable portfolio to a target of \$250 million by the end of 2016. For 2016, the Company expects *easyfinancial* to have an operating margin of 32% growing to approximately 35% over time as growth levels moderate.

"The Board is pleased to be moving forward with the strategic growth strategy as the Company is in a position of unprecedented strength," said Donald K. Johnson, Chairman of the Board. "*easyhome* has all the elements in place to ensure the projected growth will continue to create value for shareholders."

Highlights for the third quarter of 2013 include:

***easyhome* Leasing**

- Same store revenue growth excluding *easyfinancial* Services of 7.7%, driven mainly by the migration of the lease portfolio of closed stores to nearby locations and improved retail execution resulting from the restructuring that occurred in the prior year.
- The operating margin of the leasing business for the third quarter of 2013 was 16.6%, up from 14.6% reported in the third quarter of 2012.

***easyfinancial* Services**

- The consumer loans receivable portfolio closed at \$92.8 million, compared with \$59.6 million in the same period of 2012, an increase of 56%.
- Operating margin of 32.5% for the third quarter of 2013 was down slightly from 33.8% reported for the same period in 2012.
- 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, which is expected to have a downward impact on operating margins in the fourth quarter and continuing until scale is achieved.

Year to date, revenue reached \$161.0 million, up 8.8% from \$148.0 million in 2012. Net income for the first nine months of 2013 was \$9.8 million, up 35% from \$7.3 million a year earlier. Diluted earnings per share rose 32.7% to \$0.81 in the first three quarters of 2013 from \$0.61 in the same period of 2012.



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2014 Targets

The Company has established the following targets for 2014:

- Open 30 - 35 new *easyfinancial* locations with virtually all of these being stand-alone locations.
- *easyfinancial* gross consumer loans receivable portfolio growing to \$145-\$155 million.
- *easyfinancial* margins of 27 - 29% will remain consistent with 2013 due to the impacts of additional marketing and advertising spend, continued investments in the development and implementation of new technologies and the earnings drag from newly opened locations. The Company estimates that this investment in the growth of *easyfinancial* will be approximately \$0.11 per share in 2014.
- *easyhome* leasing expects to open 2 new Be-A-Contender franchise stores that are consolidated for financial reporting purposes and 3 new franchise stores.

Based on these assumptions, the Company is targeting total revenue growth of 10 - 12%. 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 10, 2014 to the holders of common shares of record as at the close of business on December 27, 2013.

About easyhome

As at September 30, 2013, easyhome Ltd. operated 235 easyhome leasing stores (including 8 consolidated franchise locations and 52 other franchise locations) and 112 *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.

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



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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 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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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 September 30, 2013	As at December 31, 2012
ASSETS		
Current assets		
Cash	1,803	4,631
Amounts receivable	5,689	4,536
Consumer loans receivable	48,667	34,425
Prepaid expenses	2,043	964
Total current assets	58,202	44,556
Amounts receivable	1,342	1,000
Consumer loans receivable	38,389	32,159
Lease assets	62,149	68,075
Property and equipment	15,021	13,729
Deferred tax assets	4,466	4,232
Intangible assets	8,106	6,213
Goodwill	19,963	19,963
TOTAL ASSETS	207,638	189,927
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank revolving credit facility	28,166	21,281
Accounts payable and accrued liabilities	20,269	31,696
Income taxes payable	6,924	4,216
Dividends payable	1,015	1,012
Deferred lease inducements	635	564
Unearned revenue	3,580	3,922
Provisions	107	379
Total current liabilities	60,696	63,070
Accounts payable and accrued liabilities	1,906	1,459
Deferred lease inducements	1,757	1,898
Term loan	30,481	18,330
Provisions	-	157
Total liabilities	94,840	84,914
Shareholders' equity		
Share capital	60,898	60,885
Contributed surplus	3,791	3,035
Accumulated other comprehensive income (loss)	82	(137)
Retained earnings	48,027	41,230
Total shareholders' equity	112,798	105,013
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	207,638	189,927

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,	September 30,	September 30,	September 30,
	2013	2012	2013	2012
REVENUE				
Lease revenue	37,913	38,014	115,559	116,925
Interest income	9,844	6,503	26,406	17,533
Other	7,109	4,772	19,053	13,521
	54,866	49,289	161,018	147,979
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION				
Salaries and benefits	16,152	15,874	48,968	47,405
Stock based compensation	895	504	2,454	998
Advertising and promotion	1,655	1,702	5,538	5,858
Bad debts	3,974	2,434	10,351	6,760
Occupancy	6,495	6,320	19,558	19,367
Distribution and travel	1,720	1,821	5,185	5,535
Other	3,659	3,376	11,375	10,055
Restructuring and other items	-	-	-	436
	34,550	32,031	103,429	96,414
DEPRECIATION AND AMORTIZATION				
Depreciation of lease assets	11,968	11,847	35,920	36,045
Depreciation of property and equipment	1,096	1,007	3,314	2,978
Amortization of intangible assets	318	119	925	348
Impairment, net	(14)	(7)	(26)	275
	13,368	12,966	40,133	39,646
Total operating expenses	47,918	44,997	143,562	136,060
Operating income	6,948	4,292	17,456	11,919
Finance costs	1,686	481	4,224	1,428
Income before income taxes	5,262	3,811	13,232	10,491
Income tax expense (recovery)				
Current	1,217	1,394	3,619	5,845
Deferred	228	(221)	(233)	(2,645)
	1,445	1,173	3,386	3,200
Net income	3,817	2,638	9,846	7,291
Basic earnings per share	0.32	0.22	0.82	0.61
Diluted earnings per share	0.31	0.22	0.81	0.61