



TSX Symbol: **EH**

easyhome Ltd.
33 City Centre Drive
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Press Release

May 6, 2013

***easyhome* Ltd. Reports First Quarter Results**

Mississauga, May 6, 2013: *easyhome* Ltd. (TSX: EH, the “Company” or “*easyhome*”), Canada’s largest merchandise leasing company and a growing provider of financial services, today announced its results for the first quarter ended March 31, 2013.

easyhome delivered record revenues and improved earnings in the first quarter of 2013. Revenue for the quarter increased 5.2% to \$52.4 million, 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 \$5.1 million, up 20.9% from \$4.2 million reported in the first quarter of 2012. Net income for the quarter was \$2.9 million, up 11.0% from \$2.6 million reported in the first quarter of 2012. Earnings per share for the quarter was 24 cents compared to 22 cents for the first quarter of 2012.

“Our results for the first quarter continue the trend of increased revenues and improved performance,” said David Ingram, *easyhome*’s President and Chief Executive Officer. “The increase in earnings was driven by the growth in *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. The improvements in the operating results of our leasing business would have been even stronger when compared to the first quarter of the prior year but the first quarter of 2013 was negatively impacted by 4 cents per share due to lower cash collections and revenue from three less trading days in 2013 than 2012, including the leap year in 2012.”

Highlights for the first quarter of 2013 include:

***easyhome* Leasing**

- Successful integration of the 15 stores acquired from a large U.S. based rent-to-own company.
- Same store revenue growth excluding *easyfinancial* Services of 5.9%.
- Same store deliveries up 10.2%.
- Although the first quarter of 2013 featured three less trading days than the first quarter of 2012, operating income for the leasing business increased 4.1%.
- The leasing business enters the second quarter with a larger than planned lease portfolio.

***easyfinancial* Services**

- The consumer loans receivable portfolio closed at \$74.7 million, representing a year-over-year increase of 53.1%.
- Revenue for the first quarter of 2013 increased 44.4% compared to the first quarter of 2012.
- Operating margin of 28.0% was reduced from the previous quarter due to higher loan book growth requiring a larger provision against future losses (although the actual charge off rate improved in 2013), additional drag from new stand alone store openings over the



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past 12 months, additional marketing expenditures and increased amortization related to the new loan system.

easyhome Franchising

- Franchise system wide revenue increased 20.2% compared to the first quarter of 2012.

Overall

- Same store revenue growth of 12.0%.
- Operating margin of 9.7% and EBITDA margin of 12.3%, up from 8.4% and 10.9%, respectively, from the first quarter of 2012.
- Operating income for the quarter was negatively impacted by a \$0.6 million (4 cents per share) increase in stock based incentive compensation plan expenses, which are based on expected performance versus targets and movements in the Company's share price.

First Quarter Results

For the first quarter ended March 31, 2013, *easyhome* generated revenues of \$52.4 million, an increase from \$49.8 million in the first quarter of 2012. At the store level, including *easyfinancial*, same store revenue growth for the quarter was 12.0% compared with growth of 8.3% for the first quarter of 2012.

On a segmented basis, *easyfinancial* Services revenues increased 44.4% to \$11.8 million from \$8.2 million for the same period last year. The improvement is a result of the increase in the consumer loans receivable portfolio from \$48.8 million to \$74.7 million. The Company's leasing operations recorded revenues of \$40.1 million and franchising operations recorded revenues of \$0.4 million. Leasing revenues for the first quarter of 2013 were negatively impacted by \$0.6 million due to three less trading days in 2013 when compared to the first quarter of 2012.

Operating income, which is income before interest expense and income taxes, increased 20.9% to \$5.1 million from \$4.2 million in the first quarter of 2012. Quarterly revenue increases (although muted by the lower number of trading days) 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. As a percentage of revenue, operating income was 9.7% compared to 8.4% in the first quarter of 2012.

Net income increased to \$2.9 million for the first quarter of 2013, compared with net income of \$2.6 million for the first quarter of 2012. On a per share basis, earnings were \$0.24 compared with \$0.22.

Outlook

David Ingram commented, "We feel optimistic about the continuous growth of *easyfinancial* and our multi-channel strategy for distribution of new loans. The new store schedule is on track for 25 + locations this year and our automated on-line transaction capability will soft launch this



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quarter. This positions us to have a fully functional ecommerce platform by the end of this year. As such, we expect to meet or exceed our loan book target of \$95 to \$100 million for 2013. Together, these actions will enable *easyfinancial* to achieve its goal of becoming Canada's largest provider of consumer loans as an alternative to traditional banks and payday lenders."

"Our leasing business also continues to show solid consumer demand and we are on track for higher revenues and operating income for the ensuing quarters," continued Mr. Ingram. "We remain committed to our strategic plan as outlined in our annual report. The Company will focus on growing *easyfinancial*, increasing the profitability of the leasing business and growing the franchise network."

Donald K. Johnson, Chairman of the Board, commented, "The Board is pleased with the Company's performance during the first quarter of the year. We are confident that the strategic initiatives completed last year will support increasing returns in the periods to come. We believe that the objectives for each of the business segments are appropriate and will result in improved value for *easyhome*'s shareholders."

The Board of Directors has approved a quarterly dividend payment of \$0.085 per share payable on July 5, 2013 to the holders of common shares of record as at the close of business on June 24, 2013.

About easyhome

As of March 31, 2013, *easyhome* Ltd. operated 191 *easyhome* leasing stores (including 9 consolidated franchise locations), 100 *easyfinancial* locations and 49 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 offers a variety of financial services, including loans and prepaid cards, 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 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.



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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.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited)

(expressed in thousands of Canadian dollars)

| | As at March 31, 2013 | As at December 31, 2012 |
|---|----------------------------|-------------------------------|
| ASSETS | | |
| Current assets | | |
| Cash | 6,327 | 4,631 |
| Amounts receivable | 4,735 | 4,536 |
| Consumer loans receivable | 40,722 | 34,425 |
| Prepaid expenses | 1,331 | 964 |
| Total current assets | 53,115 | 44,556 |
| Amounts receivable | 743 | 1,000 |
| Consumer loans receivable | 29,316 | 32,159 |
| Lease assets | 66,805 | 68,075 |
| Property and equipment | 14,244 | 13,729 |
| Deferred tax assets | 4,797 | 4,232 |
| Intangible assets | 6,269 | 6,213 |
| Goodwill | 19,963 | 19,963 |
| TOTAL ASSETS | 195,252 | 189,927 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Bank revolving credit facility | 29,219 | 21,281 |
| Accounts payable and accrued liabilities | 20,241 | 31,696 |
| Income taxes payable | 5,617 | 4,216 |
| Dividends payable | 1,015 | 1,012 |
| Deferred lease inducements | 644 | 564 |
| Unearned revenue | 4,344 | 3,922 |
| Provisions | 301 | 379 |
| Total current liabilities | 61,381 | 63,070 |
| Accounts payable and accrued liabilities | 1,392 | 1,459 |
| Deferred lease inducements | 1,926 | 1,898 |
| Term loan | 23,334 | 18,330 |
| Provisions | 91 | 157 |
| Total liabilities | 88,124 | 84,914 |
| Shareholders' equity | | |
| Share capital | 60,889 | 60,885 |
| Contributed surplus | 3,118 | 3,035 |
| Accumulated other comprehensive loss | (2) | (137) |
| Retained earnings | 43,123 | 41,230 |
| Total shareholders' equity | 107,128 | 105,013 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 195,252 | 189,927 |

easyhome Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

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

| | Three months ended | |
|--|--------------------|-------------------|
| | March 31, 2013 | March 31, 2012 |
| REVENUE | | |
| Lease revenue | 38,919 | 40,239 |
| Interest income | 7,867 | 5,240 |
| Other | 5,603 | 4,308 |
| | 52,389 | 49,787 |
| EXPENSES BEFORE DEPRECIATION AND AMORTIZATION | | |
| Salaries and benefits | 15,890 | 16,168 |
| Stock-based compensation | 904 | 297 |
| Advertising and promotion | 1,775 | 1,853 |
| Bad debts | 3,146 | 2,001 |
| Occupancy | 6,720 | 6,663 |
| Distribution and travel | 1,726 | 1,781 |
| Other | 3,872 | 3,537 |
| | 34,033 | 32,300 |
| DEPRECIATION AND AMORTIZATION | | |
| Depreciation of lease assets | 11,933 | 12,076 |
| Depreciation of property and equipment | 1,108 | 975 |
| Amortization of intangible assets | 294 | 114 |
| Impairment, net | (62) | 116 |
| | 13,273 | 13,281 |
| Total operating expenses | 47,306 | 45,581 |
| Operating income | 5,083 | 4,206 |
| Finance costs | 1,184 | 484 |
| Income before income taxes | 3,899 | 3,722 |
| Income tax expense (recovery) | | |
| Current | 1,552 | 917 |
| Deferred | (565) | 182 |
| | 987 | 1,099 |
| Net income | 2,912 | 2,623 |
| Basic earnings per share | 0.24 | 0.22 |
| Diluted earnings per share | 0.24 | 0.22 |