



TSX Symbol: **EH**

easyhome Ltd.
33 City Centre Drive
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Press Release

July 30, 2014

***easyhome* Ltd. Reports Results for the Second Quarter ended June 30, 2014**

***Record Revenues +18%, Net Income Growth +46%
Earnings Per Share Increased by 27%***

Mississauga, July 30, 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 second quarter ended June 30, 2014.

Revenue for the second quarter of 2014 increased to \$63.2 million, an increase of 17.6% from \$53.8 million in the second quarter of 2013. The growth was driven primarily by the expansion of *easyfinancial* and the related growth of its consumer loans receivable portfolio. Total same store sales growth in the quarter was 19.7%. Operating income for the quarter was \$7.7 million, up \$2.2 million or 41% compared to the second quarter of 2013. Net income for the quarter was \$4.5 million, an increase of 46% compared with \$3.1 million reported in the second quarter of 2013. Diluted earnings per share for the quarter, increased by 27% to \$0.33 compared to \$0.26 for the second quarter of 2013.

“*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. “*easyhome* Leasing continued to generate solid earnings and cash flows while *easyfinancial* grew revenues and operating earnings by expanding its consumer loans receivable portfolio. As a result, our operating income increased by 41%.”

During the second quarter of 2014, the consumer loans receivable portfolio experienced record growth of \$21.9 million compared with growth of \$9.3 million in the second quarter of 2013. The gross consumer loans receivable as at June 30, 2014 was \$145.4 million compared with \$83.9 million as at June 30, 2013, growing 73% over the preceding 12 months.

Additionally, and as previously announced, the Company replaced its existing credit facilities with a new \$200 million credit facility subsequent to the end of the quarter. The additional financing will support the expected growth of *easyfinancial* until the end of 2015 without the need for additional equity financing while reducing its cost of borrowing.

Other highlights for the second quarter of 2014 include:

***easyfinancial* Services**

- Revenue for *easyfinancial* increased by 75% for the second quarter of 2014 compared to the second quarter of 2013.
- Operating margin of 30.8% for the second quarter of 2014 was up from 27.9% reported for the same period in 2013. Strong growth in the quarter positively impacted margins.
- During the quarter, *easyfinancial* opened 11 new stand-alone locations.



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easyhome Leasing

- Although revenue was reduced slightly compared to the second quarter of 2013, it was generated by a smaller and more efficient store network resulting in an operating margin of 16.3%.
- *easyhome* Leasing achieved same store sales growth of 2.7% for the second quarter of 2014.

Overall

- Return on equity improved from 11.5% in the second quarter of 2013 to 12.8% in the current quarter.
- Corporate costs were impacted by an increase in incentive compensation plan expenses, primarily driven by the appreciation in the Company's share price. If the impact of the increase in incentive compensation plan expenses were excluded, earnings per share for the quarter would have increased a further \$0.06 when compared to the second quarter of 2013.

Six Months Results

For the first half of the year, *easyhome* recorded revenues of \$123.6 million, up 16.4% compared with \$106.2 million in the first half of 2013. Operating income for the period was \$15.6 million compared with \$10.5 million in the first six months of 2013, an increase of 49% while net income increased by \$3.1 million or 52%. Earnings per share increased from \$0.50 to \$0.66 cents, an increase of \$0.16 or 32%.

Outlook

In addition to securing the additional capital, the Company is also moving forward with the launch of a new master brand that will support all of its business units. On September 15, it will be launched nationwide on television and on-line. It will also allow *easyhome* to maximize its advertising dollars by promoting all of its *easy* brands under one umbrella with a common message. The launch will present an investment spend of \$0.06 to \$0.08 per share during the third quarter of 2014, after which advertising expenditures will return to a normal run rate versus revenue.

"The master brand strategy has been carefully planned over the last nine months," said Mr. Ingram. "The shift in marketing spend from flyer based activity to digital and television content represents a major change in our spend allocation to promote our omni-channel strategy. In addition, it complements our commitment to be Canada's largest provider of consumer loans as an alternative to traditional banks and payday lenders."

As a result of the access to additional capital, the expected benefit of the master brand launch and the strong growth of the *easyfinancial* consumer loans receivable portfolio over the past several quarters, the Company has revised its loan book and sales growth targets. The Company now anticipates that the loan book will reach \$180 - \$190 million by the end of 2014 and that the previous target of a \$250 million loan book by the end of 2016 will be achieved at or before the end of 2015. The Company now anticipates that the loan book will grow to between \$320 and



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\$350 million by the end of 2016. Consequently, the Company has also revised its revenue growth targets for 2014 to 14% to 16% (from 10% to 12%).

The Board of Directors has approved a quarterly dividend payment of \$0.085 per share payable on October 10, 2014 to the holders of common shares of record as at the close of business on September 26, 2014.

About easyhome

As at June 30, 2014, easyhome Ltd. operated 238 easyhome leasing stores (including 9 consolidated franchise locations and 60 other franchise locations) and 139 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 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



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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:

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

(unaudited)

(expressed in thousands of Canadian dollars)

	As at June 30, 2014	As at December 31, 2013
ASSETS		
Cash	294	2,329
Amounts receivable	8,000	7,206
Prepaid expenses	1,642	1,699
Consumer loans receivable	136,750	103,936
Lease assets	62,623	68,453
Property and equipment	16,415	15,793
Deferred tax assets	7,790	3,997
Intangible assets	10,751	9,524
Goodwill	19,963	19,963
TOTAL ASSETS	264,228	232,900
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Bank revolving credit facility	26,000	23,496
Accounts payable and accrued liabilities	28,126	24,322
Income taxes payable	10,521	3,929
Dividends payable	1,133	1,130
Deferred lease inducements	2,590	2,749
Unearned revenue	4,031	3,763
Term loan	48,038	37,878
Total Liabilities	120,439	97,267
Shareholders' Equity		
Share capital	80,338	79,923
Contributed surplus	4,976	4,169
Accumulated other comprehensive income	339	307
Retained earnings	58,136	51,234
Total Shareholders' Equity	143,789	135,633
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	264,228	232,900

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, 2014	June 30, 2013	June 30, 2014	June 30, 2013
REVENUE				
Lease revenue	38,082	38,727	76,582	77,646
Interest income	14,726	8,695	27,515	16,562
Other	10,438	6,341	19,483	11,944
	63,246	53,763	123,580	106,152
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION				
Salaries and benefits	19,483	16,926	37,742	32,816
Stock based compensation	1,721	655	3,268	1,559
Advertising and promotion	1,707	2,108	3,336	3,883
Bad debts	6,048	3,231	10,255	6,377
Occupancy	6,986	6,343	13,909	13,063
Other	5,565	5,583	11,593	11,181
	41,510	34,846	80,103	68,879
DEPRECIATION AND AMORTIZATION				
Depreciation of lease assets	12,301	12,019	24,361	23,952
Depreciation of property and equipment	1,199	1,110	2,345	2,218
Amortization of intangible assets	506	313	986	607
Impairment, net	60	50	142	(12)
	14,066	13,492	27,834	26,765
Total operating expenses	55,576	48,338	107,937	95,644
Operating income	7,670	5,425	15,643	10,508
Finance costs	1,800	1,354	3,358	2,538
Income before income taxes	5,870	4,071	12,285	7,970
Income tax expense (recovery)				
Current	3,714	850	6,913	2,402
Deferred	(2,380)	104	(3,794)	(461)
	1,334	954	3,119	1,941
Net income	4,536	3,117	9,166	6,029
Basic earnings per share	0.34	0.26	0.68	0.50
Diluted earnings per share	0.33	0.26	0.66	0.50