



goeasy Ltd. Reports Record Results for the Fourth Quarter and Announces Enhancements to Credit Facility

February 14, 2019

Loan Portfolio up 58%
Record Quarterly Earnings Per Share of \$1.02
Credit Facility Interest Rate Reduced by 150 bps
Dividend Increase of 38% to \$1.24 Per Share

MISSISSAUGA, Ontario, Feb. 13, 2019 (GLOBE NEWSWIRE) -- *goeasy* Ltd. (TSX: GSY), ("**goeasy**" or the "**Company**"), a leading full-service provider of goods and alternative financial services, announced its results for the fourth quarter ended December 31, 2018. The Company also announced that on February 12, 2019 it completed an amendment to its pre-existing senior secured revolving credit facility (the "Credit Facility") to increase the amount available to be borrowed thereunder, extend the maturity date and reduce the cost of borrowing. The Company has also declared a 38% increase in its annual dividend from \$0.90 to \$1.24 per share.

Fourth Quarter Results

Revenue for the fourth quarter of 2018 increased to \$138 million, representing growth of 29% over the same period in 2017. The increase was driven by the growth of the easyfinancial consumer loan portfolio, which reached \$834 million, up 58% from \$527 million as at December 31, 2017.

During the quarter the Company generated a record \$265 million of loan originations, up 50% from the \$176 million in the fourth quarter of 2017. The increased originations led to growth in the loan portfolio of \$84.2 million, up 57% from the \$53.5 million in the same period of 2017. The net charge-off rate in the quarter was in line with expectations at 13.1%, up slightly from 12.8% in the fourth quarter of 2017 and at the midpoint of the Company's guided range of 12% to 14% for 2018.

Operating income grew to \$35.1 million, up 44% from \$24.5 million in the fourth quarter of 2017, while operating margin expanded to a record 25.4%, up from 22.8%.

Net income for the quarter was \$15.9 million, up 39.5% from an adjusted \$11.4 million in 2017, which resulted in diluted earnings per share of \$1.02, up 29% from an adjusted \$0.79 in 2017. The 2017 results are adjusted to remove the impact of a one-time \$8.2 million before tax refinancing charge occurring in the fourth quarter of 2017. Furthermore, in 2018 the Company adopted IFRS 9, which served to increase the size of the provision for future credit losses. The Company estimates that adjusted net income and adjusted diluted earnings per share for the fourth quarter of 2017 would have been \$9.0 million and \$0.64, respectively, if the allowance for credit losses was calculated on the same IFRS 9 basis as the current quarter (and excluding the impact of the refinancing charge). On this basis, adjusted net income for the fourth quarter of 2018 increased 76.2% and adjusted diluted earnings per share increased 59.4%.

"We had a strong and productive fourth quarter, rounding out another record year for the Company," said Jason Mullins, *goeasy*'s President and Chief Executive Officer. "Our brand awareness reached an all-time high of 84%, which leads the industry for non-prime lenders. Loan application volume and loan originations in the quarter elevated to record levels, with more than 62% of all advances funded to new customers. The combination of strong revenue growth, increased scale and stable credit performance resulted in the easyfinancial operating margin expanding to 40%, the highest level of the year and at the high-end of our guided range," Mr. Mullins continued, "I am also proud that for the full year we achieved all our stated targets, while producing record revenue and earnings. Diluted earnings per share for the full year was \$3.56, an increase of 45% versus the \$2.46 in 2017, after adjusting for the one-time refinancing charge and the impact of IFRS 9. I want to thank the entire *goeasy* team for the passion they demonstrate daily to take great care of our customers and congratulate them on an outstanding year."

Other Key Quarterly Highlights

easyfinancial

- Total application volume increased 26%
- Revenue grew to \$103 million, up 41% from \$73 million
- Secured loan portfolio grew to \$52.9 million, up from \$8.5 million
- 62.5% of net loan advances in the quarter were issued to new customers, up from 59%
- Record aided brand awareness of 84%, up 10% and highest in the industry
- Average loan book per branch improved to \$2.9 million from \$2.0 million, an increase of 45%
- The delinquency rate on the final Saturday of the quarter was 5.2%, consistent with the 5.3% reported in the same period of 2017

easyhome

- Same store revenue increased 7.1%, compared to 0.1%
- Consumer lending portfolio within easyhome leasing stores increased to \$21.8 million from \$5.3 million
- Revenue of \$2.9 million from consumer lending, versus \$0.6 million

- Operating margin of 14.8% for the quarter, an increase from the 14.3% reported in 2017
- Operating income of \$5.2 million in the quarter compared with \$4.9 million

Overall

- 35th consecutive quarter of same store sales growth
- 70th consecutive quarter of positive net income
- Total same store revenue growth of 28.5%, up from 20%
- Compound annual revenue growth of 13% and net income growth of 29% since 2001
- Return on equity of 23% in the quarter, up from an adjusted 20.1%
- Net external debt to net capitalization of 66% as at December 31, 2018, below the Company's target leverage ratio of 70%
- Repurchased 398,452 shares in the quarter at a weighted average price of \$37.61 under the Company's Normal Course Issuer Bid

Full Year Results

For the full year, the Company funded \$923 million in loan originations, up 59% from the \$579 million in 2017. The consumer loan portfolio grew \$307 million, up 97% from \$156 million in 2017. The growth in the consumer loan portfolio produced record revenues of \$506.1 million, up 26% compared with \$401.7 million in 2017. Operating income for 2018 was \$119.7 million up 37% from \$87.4 million in 2017.

Net income for the full year was \$53.1 million, up 26% from an adjusted \$42.2 million in 2017, which resulted in diluted earnings per share of \$3.56, up 20% from an adjusted \$2.97 in 2017. The 2017 results are adjusted to reflect removing a one-time \$8.2 million before tax charge associated with the refinancing completed on November 1, 2017. Furthermore, in 2018 the Company adopted IFRS 9, which served to increase the size of the provision for future credit losses. The Company estimates that net income and diluted earnings per share for the full year of 2017 would have been \$34.6 million and \$2.46, respectively, if the allowance for credit losses was calculated on the same IFRS 9 basis as the current year. On this basis, net income for the full year of 2018 increased 53.4% and diluted earnings per share increased 44.7%.

Due to the strong growth experienced by the Company, it increased its loan book, revenue growth and return on equity targets mid-year. The Company achieved all its original and revised targets for 2018 as follows:

	2018 Original Targets	2018 Revised Targets	2018 Actual
Gross Loan Receivable Portfolio at Year End	\$700M - \$750M	\$825M - \$875M	\$833.8M
easyfinancial Total Revenue Yield	54% - 56%	54% - 56%	54.2%
New easyfinancial Locations	20 - 30	20 - 30	23
Net Charge-offs as a Percentage of Average Gross Consumer Loans Receivable	12% - 14%	12% - 14%	12.7%
easyfinancial Operating Margin	38% - 40%	38% - 40%	38.5%
Total Revenue Growth	16% - 18%	26% - 28%	26.0%
Return on Equity	18%-20%	21%+	21.80%

Enhancements to Credit Facility

The Company is pleased to announce that on February 12, 2019 it completed an amendment to its pre-existing senior secured revolving credit facility provided by a syndicate of banks (the "Credit Facility").

The amendment extended the maturity date to February 2022 (from October 2020) and increased the maximum principal amount available from C\$174.5 million to C\$189.5 million.

The interest rate on advances from the Credit Facility was also reduced from the previous rate of Canadian Bankers' Acceptance rate ("BA") plus 450 bps or the lender's prime rate ("Prime") plus 350 bps, to BA plus 325 bps (reduced 125 bps) or Prime plus 200 bps (reduced 150 bps). Based on the current BA rate of approximately 2.0% and Prime Rate of 3.95% as of February 12, 2019, the interest rate on the principal amount drawn would be 5.25% or 5.95%, at the option of the Company.

The Company intends to use borrowings under the Credit Facility to expand its consumer loan portfolio.

Balance Sheet and Liquidity

Total assets were \$1.06 billion as at December 31, 2018, an increase of 41% from \$749.6 million as at December 31, 2017, driven by the growth in the consumer loan portfolio and the additional cash on hand to fund future growth.

Cash provided by operating activities before the net issuance of consumer loans receivable and purchase of lease assets was \$232 million in 2018, an increase of 30% from \$179 million in 2017.

During the year, the Company issued US\$150 million of notes payable due on November 1, 2022, which generated net proceeds of C\$203 million. The issuance of the notes payable was at a premium to par resulting in an attractive interest rate (excluding the effect of financing charges) of 6.17%. On October 10, 2018, the Company also closed its offering of 920,000 common shares, at a price of \$50.50 per common share for aggregate net proceeds of \$44.3 million.

Based on the cash on hand at the end of the year and the borrowing capacity under the Company's amended revolving credit facility, the Company had approximately \$290 million in funding capacity, which will allow it to achieve its targets for the growth of its consumer loan portfolio through to the third quarter of 2020. The Company has historically been able to obtain the additional financing required to fund the growth of its business at steadily

lower costs of borrowing and increasing rates of leverage. However, the Company also estimates that once its existing and available sources of capital are fully utilized, the Company can continue to grow its loan portfolio by approximately \$150 million per year solely from internal cash flows.

Future Outlook

The Company has provided updated 3-year targets for 2019 through 2021. The periods of 2019 and 2020 remain unchanged.

The Company continues to pursue a long-term strategy of expanding its product range and increasing the use of risk-based pricing offers, which increase the average loan size and extend the life of its customer relationships. As such, the total yield earned on its consumer loan portfolio will gradually decline, while net charge-off rates moderate and operating margins expand, resulting in an increase to return on equity.

	2019 Targets	2020 Targets	2021 Targets
Gross Loan Receivable Portfolio at Year End	\$1.1B - \$1.2B	\$1.3B - \$1.4B	\$1.5B - \$1.7B
easyfinancial Total Revenue Yield	49% - 51%	46% - 48%	43% - 45%
New easyfinancial Locations	10 - 20	10 - 20	10 - 20
Net Charge-offs as a Percentage of Average Gross Consumer Loans Receivable	11.5% - 13.5%	11% - 13%	11% - 13%
easyfinancial Operating Margin	42% - 44%	44% - 46%	45% - 47%
Total Revenue Growth	20% - 22%	14 - 16%	10% - 12%
Return on Equity	24%+	26%+	26%+

“As we turn the page to 2019, we are well positioned to benefit from the scale and investments that we have made in the business,” said Mr. Mullins. “While our corporate strategy remains unchanged, we will increase our focus on driving product and channel expansion and enhancing the customer experience. Key initiatives for 2019 will include reducing friction in the loan origination process, investing in our indirect lending and point-of-sale finance channel, and making transformative enhancements to our credit and analytics capabilities including testing new data sources and machine learning algorithms. The enhancements to our credit facility, which included an increase to the borrowing capacity, a term extension and a substantial rate reduction, demonstrates the confidence of our lenders in our executing on our business strategy. With this amendment our average interest rate reduces from 7.18% in the fourth quarter of 2018 to 6.76% upon fully utilizing the revolver and provides even greater certainty of future liquidity. We remain confident in achieving our targets for 2019 and in surpassing the \$1 billion milestone, while we aim to capture an even greater share of the \$186 billion non-prime credit market in Canada.”

Dividend

Based on its 2018 earnings and the Company’s confidence in its continued growth and access to capital going forward, the Board of Directors has approved an increase to the annual dividend from \$0.90 per share to \$1.24 per share, an increase of 38%. 2018 marks the 5th consecutive year of an increase in the dividend to shareholders. As such, the Board of Directors has approved a quarterly dividend of \$0.31 per share payable on April 12, 2019 to the holders of common shares of record as at the close of business on March 29, 2019.

Forward-Looking Statements

All figures reported above with respect to outlook are targets established by the Company and are subject to change as plans and business conditions vary. Accordingly, investors are cautioned not to place undue reliance on the foregoing guidance. Actual results may differ materially.

This press release includes forward-looking statements about goeasy, including, but not limited to, its business operations, strategy, expected financial performance and condition, 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 are 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 most recent Annual Information Form and Management Discussion and Analysis, as available on www.sedar.com, 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 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, 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

goeasy Ltd. offers leasing and lending services in the alternative financial services market and provides everyday Canadians a path to a better tomorrow, today. goeasy Ltd. serves its customers through two key operating divisions, easyfinancial and easyhome. easyfinancial is a non-prime consumer lending business that bridges the gap between traditional financial institutions and costly payday loans. easyfinancial offers a range of unsecured and secured personal instalment loans supported by a strong central credit adjudication process and industry leading risk analytics. 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. Both operating divisions of goeasy Ltd. offer the highest level of customer service and enable customers to transact through an omni channel model that includes over 400 stores and branches across Canada and digital eCommerce enabled platforms.

goeasy Ltd.'s common shares are listed for trading on the TSX under the trading symbol "GSY" and goeasy's convertible debentures are traded on the TSX under the trading symbol "GSY-DB". goeasy is rated BB- with a stable trend from S&P and Ba3 with a stable trend from Moody's. For more information, visit www.goeasy.com.

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goeasy Ltd.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in thousands of Canadian dollars)

	As At December 31, 2018	As At December 31, 2017
ASSETS		
Cash	100,188	109,370
Amounts receivable	15,450	14,422
Prepaid expenses	3,835	3,545
Consumer loans receivable	782,864	513,425
Lease assets	51,618	54,318
Property and equipment	21,283	15,941
Derivative financial asset	35,094	-
Deferred tax assets	9,445	2,121
Intangible assets	14,589	15,163
Goodwill	21,310	21,310
TOTAL ASSETS	1,055,676	749,615
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued liabilities	45,103	43,071
Income taxes payable	7,499	9,445
Dividends payable	3,247	2,426
Deferred lease inducements	1,234	1,294
Unearned revenue	6,002	4,819
Convertible debentures	40,581	47,985
Notes payable	650,481	401,193
Derivative financial liability	-	11,138
TOTAL LIABILITIES	754,147	521,371
Shareholders' equity		
Share capital	138,090	85,874
Contributed surplus	16,105	15,305
Accumulated other comprehensive income	3,624	141
Retained earnings	143,710	126,924
TOTAL SHAREHOLDERS' EQUITY	301,529	228,244
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,055,676	749,615

goeasy Ltd.

CONSOLIDATED STATEMENTS OF INCOME

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

	Three Months Ended		Year Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
REVENUE				
Interest income	73,834	48,407	255,997	172,315
Lease revenue	29,437	30,784	119,745	125,111
Commissions earned	31,486	24,883	117,000	91,353
Charges and fees	3,403	3,170	13,449	12,949
	138,160	107,244	506,191	401,728
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION				
Salaries and benefits	29,183	26,696	114,522	102,666
Stock-based compensation	1,755	1,527	6,836	5,623
Advertising and promotion	6,203	5,014	19,145	16,654
Bad debts	34,186	18,807	118,980	67,826
Occupancy	8,807	8,132	34,665	33,100
Technology costs	2,826	2,896	11,118	10,688
Other expenses	7,409	6,270	29,205	25,570
	90,369	69,342	334,471	262,127
DEPRECIATION AND AMORTIZATION				
Depreciation of lease assets	9,944	10,240	40,088	41,221
Depreciation of property and equipment	1,249	1,658	5,719	5,702
Amortization of intangible assets	1,492	1,554	6,196	5,285
	12,685	13,452	52,003	52,208
Total operating expenses	103,054	82,794	386,474	314,335
Operating income	35,106	24,450	119,717	87,393
Finance costs				
Interest expenses and amortisation of deferred financing charges	12,811	8,774	45,800	28,642
Refinancing cost	-	8,198	-	8,198
	12,811	16,972	45,800	36,840
Income before income taxes	22,295	7,478	73,917	50,553
Income tax expense (recovery)				
Current	3,753	1,779	24,354	10,854
Deferred	2,655	333	(3,561)	3,567
	6,408	2,112	20,793	14,421
Net income	15,887	5,366	53,124	36,132
Basic earnings per share	1.07	0.39	3.78	2.67
Diluted earnings per share	1.02	0.38	3.56	2.56

Segmented Reporting

Three Months Ended December 31, 2018

Revenue				
Interest	71,814	2,020	-	73,834

Lease revenue	-	29,437	-	29,437
Commissions earned	29,594	1,892	-	31,486
Charges and fees	1,878	1,525	-	3,403
	103,286	34,874	-	138,160
Total operating expenses before depreciation and amortization	60,032	19,482	10,855	90,369
Depreciation and amortization	1,965	10,238	482	12,685
Operating income (loss)	41,289	5,154	(11,337)	35,106
Finance costs				
Interest expense and amortization of deferred financing charges				12,811
Income before income taxes				22,295
Income taxes				6,408
Net Income				15,887
Diluted earnings per share				1.02

(\$ in 000's except earnings per share)	Three Months Ended December 31, 2017			
	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest	48,005	401	-	48,406
Lease revenue	-	30,784	-	30,784
Commissions earned	23,581	1,302	-	24,883
Charges and fees	1,645	1,526	-	3,171
	73,231	34,013	-	107,244
Total operating expenses before depreciation and amortization	42,549	18,194	8,599	69,342
Depreciation and amortization	2,068	10,955	429	13,452
Operating income (loss)	28,614	4,864	(9,028)	24,450
Finance costs				
Interest expense and amortization of deferred financing charges				8,774
Refinancing costs				8,198
				16,972
Income before income taxes				7,478
Income taxes				2,112
Net Income				5,366
Diluted earnings per share				0.38

(\$ in 000's except earnings per share)	Year Ended December 31, 2018			
	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest	250,622	5,375	-	255,997
Lease revenue	-	119,745	-	119,745
Commissions earned	110,423	6,577	-	117,000
Charges and fees	7,280	6,169	-	13,449
	368,325	137,866	-	506,191
Total operating expenses before depreciation and amortization	218,138	74,215	42,118	334,471
Depreciation and amortization	8,333	42,104	1,566	52,003
Operating income (loss)	141,854	21,547	(43,684)	119,717
Finance costs				
Interest expense and amortization of deferred financing charges				45,800
Income before income taxes				73,917
Income taxes				20,793
Net Income				53,124

Diluted earnings per share 3.56

(\$ in 000's except earnings per share)	Year Ended December 31, 2017			
	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest	171,667	648	-	172,315
Lease revenue	-	125,111	-	125,111
Commissions earned	86,598	4,755	-	91,353
Charges and fees	6,203	6,746	-	12,949
	264,468	137,260	-	401,728
Total operating expenses before depreciation and amortization	154,559	72,570	34,998	262,127
Depreciation and amortization	7,255	43,808	1,145	52,208
Operating income (loss)	102,654	20,882	(36,143)	87,393
Finance costs				
Interest expense and amortization of deferred financing charges				28,642
Refinancing costs				8,198
				36,840
Income before income taxes				50,553
Income taxes				14,421
Net Income				36,132
Diluted earnings per share				2.56

Summary of Financial Results and Key Performance Indicators

(\$ in 000's except earnings per share and percentages)	Three Months Ended		Variance \$/ bps	Variance % change
	December 31, 2018	December 31, 2017		
Summary Financial Results				
Revenue	138,160	107,244	30,916	28.8 %
Operating expenses before depreciation and amortization	90,369	69,342	21,027	30.3 %
EBITDA	37,847	27,662	10,185	36.8 %
EBITDA margin	27.4 %	25.8 %	160 bps	6.2 %
Depreciation and amortization expense	12,685	13,452	(767)	(5.7 %)
Operating income	35,106	24,450	10,656	43.6 %
Operating margin	25.4 %	22.8 %	260 bps	11.4 %
Interest expense and amortization of deferred financing charges	12,811	8,774	4,037	46.0 %
Refinancing costs	-	8,198	(8,198)	(100.0 %)
PTPP income	56,481	26,285	30,196	114.9 %
Effective income tax rate	28.7 %	28.2 %	50 bps	1.8 %
Net income	15,887	5,366	10,521	196.1 %
Diluted earnings per share	1.02	0.38	0.64	168.4 %
Return on Equity	23.0 %	9.5 %	1,350 bps	142.1 %
Adjusted (Normalized) Financial Results				
Adjusted net income	15,887	11,392	4,495	39.5 %
Adjusted earnings per share	1.02	0.79	0.23	29.1 %
Adjusted return on equity	23.0 %	20.1 %	290 bps	14.4 %
Key Performance Indicators				
Same store revenue growth (overall)	28.5 %	20.0 %	850 bps	42.5 %
Same store revenue growth (easyhome)	7.1 %	0.1 %	700 bps	7000.0 %
Segment Financials				
easyfinancial revenue	103,286	73,231	30,055	41.0 %
easyfinancial operating margin	40.0 %	39.1 %	90 bps	2.3 %
easyhome revenue	34,874	34,013	861	2.5 %

easyhome operating margin	14.8	%	14.3	%	50 bps	3.5	%
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Portfolio Indicators

Gross consumer loans receivable	833,779		526,546		307,233	58.3	%
Growth in consumer loans receivable	84,198		53,483		30,715	57.4	%
Gross loan originations	264,996		176,383		88,613	50.2	%
Total yield on consumer loans (including ancillary products)	52.7	%	58.4	%	(570 bps)	(9.8	%)
Net charge offs as a percentage of average gross consumer loans receivable	13.1	%	12.8	%	30 bps	2.3	%
Potential monthly lease revenue	9,141		9,481		(340) (3.6	%)

