



TSX Symbol: GSY

goeasy Ltd.
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Press Release

May 7, 2019

goeasy Ltd. Reports Record Results for the First Quarter

Loan Portfolio Increased from \$602 million to \$879 million, up 46%,

Revenue Increased from \$115 million to \$140 million, up 22%

Net Income Increased from \$11 million to \$18 million, up 65%

Quarterly Earnings Per Share Increased from \$0.77 to \$1.18, up 53%

Mississauga, May 7, 2019: *goeasy* Ltd. (TSX: GSY), ("*goeasy*" or the "**Company**"), a leading full-service provider of goods and alternative financial services, announced its results for the first quarter ended March 31, 2019.

First Quarter Results

During the quarter the Company generated \$219 million of total loan originations, up 8% from the \$202 million in the first quarter of 2018. The increased originations led to growth in the loan portfolio of \$45.6 million, which reached \$879 million, up 46% from \$602 million as at March 31, 2018.

Revenue for the first quarter of 2019 increased to \$140 million, up 22% over the same period in 2018, driven by the expansion of the consumer loan portfolio. The net charge-off rate remained consistent with the fourth quarter of 2018 at 13.1%, up from 12.4% in the first quarter of 2018 and within the Company's guided range of 11.5% to 13.5% for 2019.

Growing revenues and improved operating leverage led to record margins, net income, earnings per share and return on equity. Operating income grew to \$38.8 million, up 56% from \$24.9 million in the first quarter of 2018, while the operating margin expanded to 27.7% up from 21.7%. Net income in the first quarter was \$18.3 million, up 65% from \$11.1 million in 2018, which resulted in diluted earnings per share of \$1.18, up 53% from the \$0.77 in 2018.

"It was a strong start to the year, highlighted by disciplined loan growth, stable credit performance and record financial results," said Jason Mullins, *goeasy*'s President & Chief Executive Officer. "While the proactive credit adjustments made in the second half of 2018 served to moderate the growth of our loan originations in the quarter, we remain deliberately focused on improving the long-term credit quality and performance of our loan portfolio. Secured lending increased to 12% of our loan originations, up from 4% in 2018, demonstrating the growth potential for this product in the future. Furthermore, we have successfully introduced the second phase of our new custom credit strategy in Quebec, which will help deliver improved and sustainable performance in that market. We are well positioned to deliver improving levels of growth and achieve our targets in 2019."

Mr. Mullins continued, "We also continue to be driven by a goal to provide everyday Canadians with access to the credit they need, as we help them on a path to a better tomorrow. With an ever-broadening set of products, ancillary services and free education to help our customers improve their financial health, we are proud to see our vision brought to life with 1 in 3 *easyfinancial* customers graduating to prime credit and 60% increasing their credit score within 12 months of borrowing from us."



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Other Key Quarterly Highlights

easyfinancial

- Total application volume increased 11%
- Revenue grew to \$105 million, up 30%
- Secured loan portfolio grew to \$68.4 million, up from \$19.7 million
- 63% of net loan advances in the quarter were issued to new customers, up from 58%
- Aided brand awareness of 82%, up from 77%
- Average loan book per branch improved to \$3.1 million, an increase of 41%
- The delinquency rate on the final Saturday of the quarter was 4.4%, consistent with the 4.5% reported in the same period of 2018
- Operating income of \$41.4 million, up 40%
- Operating margin of 39.5%, an increase from the 36.7% reported in the first quarter of 2018

easyhome

- Revenue grew to \$35.2 million, up 2% from \$34.4 million
- Same store revenue increased 4.7%, compared to 3.6%
- Consumer lending portfolio within easyhome stores increased to \$24.4 million, up from \$8.5 million
- Revenue from consumer lending increased to \$3.4 million, up from \$1.1 million
- Operating income of \$7.1 million in the quarter compared with \$5.4 million in the same period of 2018, up 31%
- Operating margin of 20.3% for the quarter, an increase from the 15.7% reported in the first quarter of 2018

Overall

- 36th consecutive quarter of same store sales growth
- 71st consecutive quarter of positive net income
- Total same store revenue growth of 21.3%
- Return on equity of 24.4% in the quarter, up from an adjusted 19.8%
- Net external debt to net capitalization of 67% as at March 31, 2019, below the Company's target leverage ratio of 70%
- Repurchased 283,500 shares in the quarter at a weighted average price of \$41.75 under the Company's Normal Course Issuer Bid



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Balance Sheet and Liquidity

Total assets were \$1.1 billion as at March 31, 2019, an increase of 46% from \$755 million as at March 31, 2018, driven by the growth in the consumer loan portfolio.

Cash provided by operating activities before the net issuance of consumer loans receivable and purchase of lease assets was \$76.9 million in the first quarter of 2019, an increase of 39% from \$55.5 million in the same period of 2018.

During the quarter, the Company completed an amendment to its pre-existing senior secured revolving credit facility provided by a syndicate of banks. 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 1.86% and Prime Rate of 3.95% as of May 1, 2019, the interest rate on the principal amount drawn would be 5.11% or 5.95%, at the option of the Company.

Based on the cash on hand at the end of the quarter and the borrowing capacity under the Company's amended revolving credit facility, the Company had approximately \$265 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 could continue to grow its loan portfolio by approximately \$150 million per year solely from internal cash flows.

Dividend

The Board of Directors has approved a quarterly dividend of \$0.31 per share payable on July 12, 2019 to the holders of common shares of record as at the close of business on June 28, 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,



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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.



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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.

For further information contact:

Jason Mullins
President & Chief Executive Officer
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David Ingram
Executive Chairman of the Board
(905) 272-2788

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

(Unaudited)

(expressed in thousands of Canadian dollars)

	As At March 31, 2019	As At December 31, 2018
ASSETS		
Cash	74,740	100,188
Amounts receivable	16,836	15,450
Prepaid expenses	6,522	3,835
Consumer loans receivable, net	824,747	782,864
Lease assets	49,229	51,618
Property and equipment	22,155	21,283
Deferred tax assets	12,270	9,445
Derivative financial asset	16,706	35,094
Intangible assets	14,740	14,589
Right-of-use assets	41,756	-
Goodwill	21,310	21,310
TOTAL ASSETS	1,101,011	1,055,676
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued liabilities	41,272	45,103
Income taxes payable	10,839	7,499
Dividends payable	4,493	3,247
Deferred lease inducements	-	1,234
Unearned revenue	6,451	6,002
Lease liabilities	47,408	-
Convertible debentures	40,237	40,581
Notes payable	648,758	650,481
TOTAL LIABILITIES	799,458	754,147
Shareholders' equity		
Share capital	142,491	138,090
Contributed surplus	13,717	16,105
Accumulated other comprehensive income	220	3,624
Retained earnings	145,125	143,710
TOTAL SHAREHOLDERS' EQUITY	301,553	301,529
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,101,011	1,055,676

goeasy Ltd.**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(Unaudited)

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

	Three Months Ended	
	March 31, 2019	March 31, 2018
REVENUE		
Interest income	76,730	53,791
Lease revenue	29,482	30,669
Commissions earned	30,080	26,939
Charges and fees	3,568	3,378
	139,860	114,777
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION		
Salaries and benefits	28,677	28,475
Stock-based compensation	1,887	1,619
Advertising and promotion	5,850	3,929
Bad debts	34,394	24,378
Occupancy	4,980	8,562
Technology costs	2,738	2,966
Other expenses	6,201	6,537
	84,727	76,466
DEPRECIATION AND AMORTIZATION		
Depreciation of lease assets	9,650	10,002
Depreciation of property and equipment	1,501	1,618
Depreciation of right-of-use assets	3,791	-
Amortization of intangible assets	1,381	1,767
	16,323	13,387
Total operating expenses	101,050	89,853
Operating income	38,810	24,924
Finance costs		
Interest expenses and amortization of deferred financing charges	12,898	9,670
Interest expense on lease liabilities	603	-
	13,501	9,670
Income before income taxes	25,309	15,254
Income tax expense (recovery)		
Current	7,357	4,922
Deferred	(321)	(742)
	7,036	4,180
Net income	18,273	11,074
Basic earnings per share	1.25	0.81
Diluted earnings per share	1.18	0.77

Segmented Reporting

(\$ in 000's except earnings per share)	Three Months Ended March 31, 2019			Total
	easyfinancial	easyhome	Corporate	
Revenue				
Interest	74,417	2,313	-	76,730
Lease revenue	-	29,482	-	29,482
Commissions earned	28,046	2,034	-	30,080
Charges and fees	2,148	1,420	-	3,568
	104,611	35,249	-	139,860
Total operating expenses before depreciation and amortization	59,926	15,918	8,883	84,727
Depreciation and amortization				
Depreciation and amortization of lease assets and property and equipment	1,818	10,101	613	12,532
Depreciation of Right-of-use asset	1,517	2,082	192	3,791
	3,335	12,183	805	16,323
Segment operating income (loss)	41,350	7,148	(9,688)	38,810
Finance costs				
Interest expenses and amortisation of deferred financing charges				12,898
Interest expense on lease liabilities				603
				13,501
Income before income taxes				25,309
Income taxes				7,036
Net Income				18,273
Diluted earnings per share				1.18
(\$ in 000's except earnings per share)	Three Months Ended March 31, 2018			Total
	easyfinancial	easyhome	Corporate	
Revenue				
Interest	53,086	705	-	53,791
Lease revenue	-	30,669	-	30,669
Commissions earned	25,500	1,439	-	26,939
Charges and fees	1,780	1,598	-	3,378
	80,366	34,411	-	114,777
Total operating expenses before depreciation and amortization	48,537	18,431	9,498	76,466
Depreciation and amortization	2,368	10,566	453	13,387
Segment operating income (loss)	29,461	5,414	(9,951)	24,924
Finance costs				9,670
Income before income taxes				15,254
Income taxes				4,180
Net Income				11,074
Diluted earnings per share				0.77

Summary of Financial Results and Key Performance Indicators

(\$ in 000's except earnings per share and percentages)	Three Months Ended		Variance \$ / bps	Variance % change
	March 31, 2019	March 31, 2018		
Summary Financial Results				
Revenue	139,860	114,777	25,083	21.9%
Operating expenses before depreciation and amortization	84,727	76,466	8,261	10.8%
EBITDA	45,483	28,309	17,174	60.7%
EBITDA margin	32.5%	24.7%	790 bps	32.0%
Depreciation and amortization expense	16,323	13,387	2,936	21.9%
Operating income	38,810	24,924	13,886	55.7%
Operating margin	27.7%	21.7%	600 bps	27.6%
Finance costs	13,501	9,670	3,831	39.6%
Effective income tax rate	27.8%	27.4%	40 bps	1.5%
Net income	18,273	11,074	7,199	65.0%
Diluted earnings per share	1.18	0.77	0.41	53.2%
Return on equity	24.4%	19.8%	460 bps	23.2%
Key Performance Indicators				
Same store revenue growth (overall)	21.3%	23.1%	(180 bps)	(7.8%)
Same store revenue growth (easyhome)	4.7%	3.6%	110 bps	30.6%
Segment Financials				
easyfinancial revenue	104,611	80,366	24,245	30.2%
easyfinancial operating margin	39.5%	36.7%	280 bps	7.6%
easyhome revenue	35,249	34,411	838	2.4%
easyhome operating margin	20.3%	15.7%	460 bps	29.3%
Portfolio Indicators				
Gross consumer loans receivable	879,370	601,724	277,646	46.1%
Growth in consumer loans receivable	45,591	75,178	(29,587)	(39.4%)
Gross loan originations	219,438	202,366	17,072	8.4%
Total yield on consumer loans (including ancillary products)	50.1%	56.1%	(600 bps)	(10.7%)
Net charge-offs as a percentage of average gross consumer loans receivable	13.1%	12.4%	70 bps	5.6%
Potential monthly lease revenue	8,740	9,252	(512)	(5.5%)