

March 5, 2012

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## ***easyhome* Ltd. Reports 2011 Fourth Quarter Results and Announces Dividend Reinvestment Plan**

### **Record Revenues and Improved Earnings in the 4th Quarter**

**Mississauga, March 5, 2011:** *easyhome* Ltd. (TSX: EH), Canada's largest merchandise leasing Company and a growing provider of financial services, today announced its results for the fourth quarter and full year ended December 31, 2011.

*easyhome* delivered record revenues and improved earnings in the fourth quarter of 2011. Revenue for the quarter increased 9.4% to \$49.3 million, driven primarily by the expansion of the *easyfinancial* Services business and the related growth of its consumer loans receivable portfolio. Net income for the quarter was \$2.6 million compared to a loss of \$(0.4) million in the fourth quarter of 2010. When normalized for the costs associated with the investigation of an employee fraud in 2010, the net improvement for the quarter was 97%. Earnings for the quarter were 22 cents compared with a loss of 3 cents in the fourth quarter of 2010 or 13 cents for the fourth quarter of 2010 if the costs associated with the investigation of an employee fraud are excluded.

Commenting on the results, David Ingram, *easyhome*'s President and Chief Executive Officer stated "We are pleased to report record revenues for both the quarter and the full fiscal year. The increase in earnings reflects a return to more normal levels after making investments in infrastructure and advertising and promotional activities in prior quarters. Additionally, we are pleased with the continuing growth of *easyfinancial* Services. During the quarter, the consumer loans receivable portfolio grew by \$4.9 million to finish the year at \$47.6 million and *easyfinancial*'s operating margin for the quarter improved to over 30%. We are confident that all of our business units are well positioned for future growth and earnings improvements."

### **Fourth Quarter Results**

For the fourth quarter ended December 31, 2011, *easyhome* generated revenues of \$49.3 million, an increase from \$45.1 million in the third quarter of 2010. At the store level, including *easyfinancial*, same store revenue growth for the quarter was 9.3% compared with growth of 10.9% for the fourth quarter of 2010.

On a segmented basis, *easyfinancial* Services revenues increased to \$7.8 million from \$3.7 million for the same period last year. The improvement is a result of the increase in the consumer loans receivable portfolio from \$23.8 million to \$47.6 million. The Company's leasing operations recorded revenues of \$41.0 million and franchising operations recorded revenues of \$0.5 million, both relatively unchanged from the same period last year.

Operating income, which is income before interest expense and income taxes, increased 124% to \$4.2 million from \$1.9 million in the fourth quarter of 2010, after normalizing the fourth quarter of 2010 for the costs associated with the investigation of an employee fraud. Quarterly revenue increases and improved margins at both our leasing business and *easyfinancial* more than offset a

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greater level of corporate costs to support sustainable growth. As a percentage of revenue, operating income was 8.5% compared to 4.2% in the fourth quarter of 2010 (normalized).

Net income increased to \$2.6 million for the fourth quarter of 2011, compared with a loss of \$(0.4) million for the fourth quarter of 2010. On a per share basis, earnings were \$0.22 compared with a loss of \$(0.03). Adjusted for the costs associated with the investigation of an employee fraud in the prior year, earnings were \$1.3 million, or \$0.13 per share, a year ago.

### **Fiscal 2011 Results**

For the full year, *easyhome* generated revenues of \$188.3 million, an increase of 8.1% compared with \$174.2 million in fiscal 2010. *easyfinancial* Services generated revenues of \$24.5 million compared with \$10.8 million in fiscal 2010. The Company's leasing operations contributed \$162.5 million to total revenues, relatively unchanged from the same period last year and franchising operations contributed \$1.4 million, up from \$1.1 million in fiscal 2010.

Operating income for the year was \$15.3 million compared with \$9.7 million for the same period last year. Adjusted to exclude non-recurring charges associated with an employee fraud, its investigation, restructuring and other charges, operating income for fiscal 2010 was \$13.7 million. On a normalized basis, operating income improved \$1.6 million or 11.6%. Reported net income was \$9.7 million, or \$0.81 per share, compared with \$6.1 million, or \$0.58 per share a year earlier, an increase of 58%. On a per share basis and excluding these non-recurring items for the prior year, diluted earnings per share was \$0.81 compared with \$0.84 a year ago.

The Company continues to generate strong cash flows. Cash flow provided by operating activities for the year ended December 31, 2011 was \$39.9 million. Included in these cash flows was a net investment in the *easyfinancial* Services consumer loans receivable portfolio of \$29.4 million. If this net investment in the loan portfolio was treated as cash flow from investing activities, cash flow from operating activities would be \$69.2 million. This cash flow enabled the Company to invest in the portfolios to drive future revenue growth of all business units, strengthen the management and infrastructure to support sustainable growth and maintain its total dividend payments for the quarter.

### **Outlook**

David Ingram commented, "We believe that consumers in both Canada and the U.S. will remain cautious until the general economic conditions improve. As a result, growth within our leasing and franchising businesses will continue to be modest and the number of new store openings in 2012 will be low. However, these same economic conditions will have a lesser impact on *easyfinancial* Services and so we intend to leverage the recent improvements that were made to both our internal processes and infrastructure and drive for further portfolio and revenue growth and margin enhancement."

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We have updated our targets for 2012. In 2012, we anticipate opening 1-2 new corporate stores plus 4-7 new franchise stores that are consolidated for financial reporting purposes and an additional 5-10 new franchise stores. *easyfinancial* Services will see the greatest growth as we anticipate opening 15-20 new *easyfinancial* locations and most of these will likely be stand-alone locations. Based on these assumptions, we are targeting total revenue growth of approximately 10%. The achievement of these targets by the Company are predicated on a number of factors, including the availability of sufficient capital. In this regard, we expect to secure additional debt financing to fund the growth of our business units over the next few months.

Donald K. Johnson, Chairman of the Board, commented, “The Board is pleased with the overall performance of the Company during 2011. Both revenues and net income have shown continued growth and the Company’s management has taken the necessary steps to support the Company’s strategy for sustainable growth.”

The Board of Directors has approved a quarterly dividend payment of \$0.085 per share payable on April 16, 2012 to the holders of common shares of record as at the close of business on April 5, 2012.

### **Dividend Reinvestment Plan**

*easyhome* also announced that it has adopted a Dividend Reinvestment Plan (the “DRIP”). Eligible shareholders may elect to participate in the DRIP commencing with the dividends to be paid on April 16, 2012 to shareholders on record as of April 5, 2012.

The DRIP allows eligible shareholders of *easyhome* to reinvest their cash dividends into additional Common Shares of *easyhome*, which will be issued from treasury at the Average Market Price (as defined in the DRIP) on the applicable dividend payment date.

“Our dividend reinvestment plan is designed to benefit our shareholders and our Company over the long term,” said David Ingram. “Through participation, shareholders will be able to increase their equity stake without transactions fees – allowing them to further participate in the growth of *easyhome*. The Company will have access to additional cash that it can deploy to grow its business units.

The full text of the DRIP and an enrollment form are available on the Company’s website at [www.easyhome.ca](http://www.easyhome.ca). Shareholders should carefully read the complete text of the DRIP before making any decisions regarding their participation in the DRIP. Beneficial shareholders who hold their shares through a nominee and who wish to participate in the DRIP should contact their nominee to enquire about enrollment. *easyhome* has a well-established track record of quarterly dividend payments. To reinvest the April 16<sup>th</sup> dividend, Equity Transfer Services Inc. must receive the signed enrollment form by no later than 3:00pm EST on March 29th, 2012.

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## About easyhome

As at December 31, 2011, *easyhome* Ltd. had 261 stores, including 48 franchised/licensed locations. The Company also operated 85 *easyfinancial* kiosks within existing *easyhome* stores, two stand-alone *easyfinancial* locations and one national loan office.

*easyhome* Ltd. is Canada's largest merchandise leasing Company and the third largest in North America, 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, prepaid cards and cheque cashing through its *easyfinancial* services business. *easyhome* Ltd. is listed on the TSX under the symbol 'EH'. For more information, visit [www.easyhome.ca](http://www.easyhome.ca).

The above analysis refers to certain financial measures that 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. Although measures such as operating income and same store revenue growth do not have standardized meanings prescribed by IFRS, these measures are defined in our management discussion and analysis which is available on SEDAR or on the Company's website at [www.easyhome.ca](http://www.easyhome.ca) or can be determined by reference to our financial statements. We discuss these measures because 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, raise capital under favourable terms, manage the impact of 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



TSX Symbol: **EH**

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## **Press Release**

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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.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(unaudited)

(expressed in thousands of Canadian dollars)

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	1,019	731	291
Amounts receivable	5,893	4,809	5,284
Income taxes recoverable	600	-	2,987
Consumer loans receivable	32,619	18,162	7,421
Prepaid expenses	1,316	1,296	1,146
<b>Total current assets</b>	<b>41,447</b>	<b>24,998</b>	<b>17,129</b>
Amounts receivable	1,365	1,062	-
Consumer loans receivable	12,319	3,667	1,520
Lease assets	66,996	67,692	70,343
Property and equipment	12,612	12,953	12,335
Deferred tax assets	2,933	8,298	8,385
Intangible assets	4,126	3,093	3,155
Goodwill	17,325	17,325	17,325
<b>TOTAL ASSETS</b>	<b>159,123</b>	<b>139,088</b>	<b>130,192</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Bank revolving credit facility	33,123	15,649	23,764
Accounts payable and accrued liabilities	19,504	19,322	13,331
Income taxes payable	-	65	-
Dividends payable	1,007	892	884
Deferred lease inducements	598	578	579
Unearned revenue	4,562	5,310	4,818
Term loan	-	2,602	3,636
Provisions	24	421	597
<b>Total current liabilities</b>	<b>58,818</b>	<b>44,839</b>	<b>47,609</b>
Accounts payable and accrued liabilities	727	450	-
Deferred lease inducements	1,959	1,881	1,724
Term loan	-	-	2,484
Provisions	77	407	231
<b>Total liabilities</b>	<b>61,581</b>	<b>47,577</b>	<b>52,048</b>
<b>Shareholders' equity</b>			
Share capital	60,207	60,074	48,880
Contributed surplus	3,171	3,061	3,142
Accumulated other comprehensive loss	(52)	(257)	-
Retained earnings	34,216	28,633	26,122
<b>Total shareholders' equity</b>	<b>97,542</b>	<b>91,511</b>	<b>78,144</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>159,123</b>	<b>139,088</b>	<b>130,192</b>

**easyhome Ltd.**

**CONSOLIDATED STATEMENTS OF INCOME**

(unaudited)

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

	Three months ended		Years ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
<b>REVENUE</b>				
Lease revenue	39,874	40,121	159,072	159,646
Interest income	5,038	2,655	15,719	6,603
Other	4,380	2,283	13,534	7,935
	<b>49,292</b>	<b>45,059</b>	<b>188,325</b>	<b>174,184</b>
<b>EXPENSES BEFORE DEPRECIATION &amp; AMORTIZATION</b>				
Salaries and benefits	15,952	14,034	61,081	53,629
Advertising and promotion	1,615	1,880	6,829	5,562
Bad debts	2,046	1,020	6,289	3,984
Occupancy	6,511	6,799	25,330	25,095
Distribution and travel	1,987	2,397	7,919	7,132
Other	3,652	3,115	14,144	11,834
Restructuring and other items	-	2,428	-	3,069
	<b>31,763</b>	<b>31,673</b>	<b>121,592</b>	<b>110,305</b>
<b>DEPRECIATION AND AMORTIZATION</b>				
Depreciation of lease assets	12,090	12,358	47,465	48,596
Depreciation of property and equipment	968	1,115	3,506	3,961
Amortization of intangible assets	37	135	434	380
Impairment, net	234	332	61	1,232
	<b>13,329</b>	<b>13,940</b>	<b>51,466</b>	<b>54,169</b>
Operating income	4,200	(554)	15,267	9,710
Interest expense	485	385	1,541	1,238
Income before income taxes	3,715	(939)	13,726	8,472
Income tax expense (recovery)				
Current	(1,410)	645	(1,248)	2,105
Deferred	2,509	(1,218)	5,362	295
	<b>1,099</b>	<b>(573)</b>	<b>4,114</b>	<b>2,400</b>
<b>Net income</b>	<b>2,616</b>	<b>(366)</b>	<b>9,612</b>	<b>6,072</b>
<b>Basic earnings per share</b>	<b>0.22</b>	<b>(0.03)</b>	<b>0.81</b>	<b>0.58</b>
<b>Diluted earnings per share</b>	<b>0.22</b>	<b>(0.03)</b>	<b>0.81</b>	<b>0.58</b>