

May 7, 2012

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## ***easyhome* Ltd. Reports 2012 First Quarter Results**

### **Record Revenues and Improved Earnings in the 1st Quarter**

**Mississauga, May 7, 2012:** *easyhome* Ltd. (TSX: EH), Canada's largest merchandise leasing Company and a growing provider of financial services, today announced its results for the first quarter ended March 31, 2012.

*easyhome* delivered record revenues and improved earnings in the first quarter of 2012. Revenue for the quarter increased 7.8% to \$49.8 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, an increase of \$0.2 million or 10.1% over the first quarter of 2011. Earnings per share for the quarter were 22 cents, up from 20 cents for the first quarter of 2011.

"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 is a direct result of the growth in *easyfinancial* Services which increased its operating income and more than offset the year-over-year investment in corporate infrastructure. During the quarter, the consumer loans receivable portfolio grew by \$1.2 million to finish the quarter at \$48.8 million and *easyfinancial*'s operating margin for the quarter improved to over 34%."

### **First Quarter Results**

For the first quarter ended March 31, 2012, *easyhome* generated revenues of \$49.8 million, an increase from \$46.2 million in the first quarter of 2011. At the store level, including *easyfinancial*, same store revenue growth for the quarter was 8.3% compared with growth of 7.2% for the first quarter of 2011.

On a segmented basis, *easyfinancial* Services revenues increased 80% to \$8.2 million from \$4.6 million for the same period last year. The improvement is a result of the increase in the consumer loans receivable portfolio from \$29.9 million to \$48.8 million. The Company's leasing operations recorded revenues of \$41.2 million and franchising operations recorded revenues of \$0.4 million, both relatively unchanged from the same period last year.

Operating income, which is income before interest expense and income taxes, increased 9.5% to \$4.2 million from \$3.8 million in the first quarter of 2011. Quarterly revenue increases and improved margins at *easyfinancial* more than offset a greater level of corporate costs to support sustainable growth and reduced margins within our leasing business. As a percentage of revenue, operating income was 8.4% compared to 8.3% in the first quarter of 2011.

Net income increased to \$2.6 million for the first quarter of 2012, compared with net income of \$2.4 million for the first quarter of 2011. On a per share basis, earnings were \$0.22 compared with \$0.20.

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The Company continues to generate strong cash flows. Cash flow provided by operating activities for the three months ended March 31, 2012 was \$12.4 million. Included in these cash flows was a net investment in the *easyfinancial* Services consumer loans receivable portfolio of \$3.2 million. If this net investment in the loan portfolio was treated as cash flow from investing activities, cash flow from operating activities would be \$15.6 million. This cash flow enabled the Company to invest in the portfolios to drive future revenue growth of all business units and maintain its total dividend payments for the quarter.

David Ingram concluded, "Given the challenging retail environment we are satisfied in our overall results for the quarter. We increased revenues and earnings. We have also begun to leverage the control and infrastructure enhancements we made last year. We are not, however, satisfied with the productivity gains and pace of change we have achieved in our leasing business. As such, in addition to the two stores that we closed in the first quarter, we plan on closing approximately 13 additional underperforming stores in the upcoming quarter. The majority of these stores have leases that expire in the next six months." These closures will result in an earnings per share charge of approximately \$0.05 cents in the second quarter of 2012, but will be marginally accretive over the full fiscal year and positive to earnings in future years as a large portion of the lease portfolio at these closed locations will be migrated to other locations nearby.

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 investment made last year to strengthening the Company's internal controls 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 6, 2012 to the holders of common shares of record as at the close of business on June 27, 2012.

### **About easyhome**

As at March 31, 2012, *easyhome* Ltd. operated 216 *easyhome* leasing stores (including 5 consolidated franchises), 90 *easyfinancial* locations and had 44 franchise locations.

*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).

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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 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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## **Press Release**

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

(Unaudited)

(expressed in thousands of Canadian dollars)

	As at March 31, 2012	As at December 31, 2011
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	826	1,019
Amounts receivable	4,004	5,893
Income taxes recoverable	-	600
Consumer loans receivable (note 4)	32,246	32,619
Prepaid expenses	1,302	1,316
<b>Total current assets</b>	<b>38,378</b>	<b>41,447</b>
Amounts receivable	1,418	1,365
Consumer loans receivable (note 4)	13,889	12,319
Lease assets	65,295	66,996
Property and equipment (note 5)	12,156	12,612
Deferred tax assets (note 9)	2,751	2,933
Intangible assets	4,245	4,126
Goodwill	17,325	17,325
<b>TOTAL ASSETS</b>	<b>155,457</b>	<b>159,123</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Bank revolving credit facility (note 6)	33,164	33,123
Accounts payable and accrued liabilities	13,923	19,504
Income taxes payable	416	-
Dividends payable (note 7)	1,009	1,007
Deferred lease inducements	580	598
Unearned revenue	4,510	4,562
Provisions	34	24
<b>Total current liabilities</b>	<b>53,636</b>	<b>58,818</b>
Accounts payable and accrued liabilities	947	727
Deferred lease inducements	1,924	1,959
Provisions	72	77
<b>Total liabilities</b>	<b>56,579</b>	<b>61,581</b>
<b>Contingencies (note 12)</b>		
<b>Shareholders' equity</b>		
Share capital (note 7)	60,452	60,207
Contributed surplus	2,884	3,171
Accumulated other comprehensive loss	(288)	(52)
Retained earnings	35,830	34,216
<b>Total shareholders' equity</b>	<b>98,878</b>	<b>97,542</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>155,457</b>	<b>159,123</b>

*See accompanying notes to the interim condensed consolidated financial statements*

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

(Unaudited)

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

	Three months ended	
	March 31, 2012	March 31, 2011
<b>REVENUE</b>		
Lease revenue	40,239	40,782
Interest income	5,240	2,843
Other	4,308	2,578
	<b>49,787</b>	<b>46,203</b>
<b>EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</b>		
Salaries and benefits (note 8)	16,465	14,690
Advertising and promotion	1,853	1,594
Bad debts	2,001	1,124
Occupancy	6,663	6,457
Distribution and travel	1,781	1,881
Other	3,537	3,212
	<b>32,300</b>	<b>28,958</b>
<b>DEPRECIATION AND AMORTIZATION</b>		
Depreciation of lease assets	12,076	12,451
Depreciation of property and equipment	975	846
Amortization of intangible assets	114	106
Impairment (net) (note 5)	116	-
	<b>13,281</b>	<b>13,403</b>
Total operating expenses	45,581	42,361
Operating income	4,206	3,842
Interest expense	484	297
Income before income taxes	3,722	3,545
Income tax expense (note 9)		
Current	917	332
Deferred	182	831
	<b>1,099</b>	<b>1,163</b>
<b>Net income</b>	<b>2,623</b>	<b>2,382</b>
<b>Basic earnings per share (note 10)</b>	<b>0.22</b>	<b>0.20</b>
<b>Diluted earnings per share (note 10)</b>	<b>0.22</b>	<b>0.20</b>

*See accompanying notes to the interim condensed consolidated financial statements*