



TSX Symbol: **EH**

easyhome Ltd.
33 City Centre Drive
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Tel: 905-272-2788
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Press Release

February 18, 2015

***easyhome* Ltd. Reports Results for the Fourth Quarter and Year ended December 31, 2014 and Increases Dividend**

***Record Revenue Growth of 21%, Adjusted Net Income Growth of 38%
Adjusted EPS Growth of 30%
Quarterly Dividend Increases to \$0.10 Per Share***

Mississauga, February 18, 2015: *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 fourth quarter ended December 31, 2014. The Company also announced it is increasing its quarterly dividend from \$0.085 to \$0.10 per share.

Revenue for the fourth quarter of 2014 increased to \$70.0 million, an increase of 21.2% from \$57.8 million in the fourth quarter of 2013. Total same store sales growth in the quarter was 20.8%. The growth was driven primarily by the expansion of *easyfinancial* and the related growth of its consumer loans receivable portfolio which grew by \$26.5 million during the fourth quarter of 2014 compared with growth of \$17.9 million in the fourth quarter of 2013. The gross consumer loans receivable as at December 31, 2014 was \$192.2 million compared with \$110.7 million as at December 31, 2013, an increase of 74%.

Net income for the quarter was \$7.1 million, an increase of 64% compared with \$4.3 million reported in the fourth quarter of 2013. Diluted earnings per share for the quarter increased by \$0.18 or 55% to \$0.51 compared to \$0.33 for the fourth quarter of 2013. Included in net income and earnings per share for the fourth quarter of 2014 was an after-tax gain of \$1.1 million or \$0.08 per share related to the wind down of the Company’s U.S. operations. Excluding this non-recurring item, net income and earnings per share were \$6.0 million and \$0.43, respectively and increased 38% and 30%, respectively.

“We are proud to report that we concluded 2014 with a strong fourth quarter which resulted in record revenues and record earnings,” said David Ingram, *easyhome*’s President and Chief Executive Officer. “Our continued growth has been driven by the expansion of *easyfinancial* as consumers look for alternative lenders that can fill the void between mainstream banks who have more restrictive credit conditions and payday lenders who charge excessive fees with onerous repayment terms for short term loans. Our *goeasy* master brand has supported the record level of loan originations by increasing applications online by 181% compared to the fourth quarter of 2013 for *easyfinancial* and has provided the leasing business with access to a larger customer base which resulted in a 15% increase in new customer growth during the quarter compared to the fourth quarter of 2013.”

Other highlights for the fourth quarter of 2014 include:

***easyfinancial* Services**

- Revenue for *easyfinancial* increased by 70% for the fourth quarter of 2014 compared to the fourth quarter of 2013.



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- Net charge-offs as a percentage of the average gross consumer loans receivable balance declined from 13.2% in the fourth quarter of 2013 to 11.3% in the fourth quarter of 2014.
- Operating margin of 35.0% for the fourth quarter of 2014 was increased from 34.1% reported for the same period in 2013.
- During the quarter, *easyfinancial* opened 12 new stand-alone locations.

easyhome Leasing

- *easyhome* Leasing generated same store sales growth of 2.6% during the quarter. This growth, however, was offset by the impact of store sales and closures over the past 15 months resulting in a revenue decline of 0.9%.
- The operating margin declined from 16.4% in the fourth quarter of 2013 to 15.4% in the fourth quarter of 2014 but increased sequentially from the 11.2% reported in the third quarter of 2014.

Full 2014 Results

For the full year, *easyhome* recorded revenues of \$259.2 million, up 18.4% compared with \$218.8 million in 2013. Operating income for the year was \$34.6 million compared with \$25.0 million in 2013, an increase of 38.6%. Excluding restructuring and other items in 2014, operating income increased 33.7% to \$33.4 million.

Net income for 2014 was \$19.7 million compared to net income of \$14.2 million for 2013, an increase of 39.2%. Diluted earnings per share increased from \$1.15 to \$1.42 cents. On a per share basis and excluding unusual items in 2014, earnings per share increased from \$1.15 to \$1.34, an increase of 16.5%.

In addition to the strong financial performance during 2014, the Company also made significant progress on its strategic initiatives.

- The balance sheet was strengthened to support future growth by increasing the Company's debt facilities from \$85 million to \$200 million while reducing interest rates and improving flexibility.
- In the third quarter of 2014, the Company launched a new master brand, *goeasy*, which will unite and support its sub-brands of *easyhome* and *easyfinancial*, create efficiencies in advertising spending and facilitate the launch of new products.
- During the third quarter of 2014 we improved our risk management by completing a multi-faceted behavioural segmentation of our *easyfinancial* customer book, increasing the credit floors and the minimum lending requirements for new customers.
- During the fourth quarter of 2014, the Company decided to wind down its operations in the U.S. and focus on the Canadian marketplace resulting in a net credit of \$1.2 million as restructuring and other charges within operating income.
- During the fourth quarter of 2014, the Company implemented a proprietary loan application management system to process applications originated in its retail and online channels, which will further enhance its centralized underwriting control.



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“My thanks go out to our entire team who worked tirelessly to satisfy the needs of many cash and credit constrained consumers in Canada who required financial solutions but who have been largely neglected by the mainstream lenders,” said Mr. Ingram. “I am particularly pleased by the results of our independent customer survey results that solicit customer feedback on every transaction and provides the information live to our websites for transparency. Since our launch of *goeasy*, our customers have scored the Company with a 96% satisfaction rating. This focus on meeting the needs of our customers helped us to achieve our thirteenth consecutive year of revenue growth and profitability. We enter 2015 with confidence.”

Outlook

easyhome's strategic focus continues to evolve its delivery channels to better meet the needs of its customers, expand the size and scope of *easyfinancial* and execute with efficiency and effectiveness.

"In addition, the leading macro indicators that influence our customers' financial health are progressively improving," continued Mr. Ingram. "The price of gas has reduced, food and clothing inflation is minimal and employment levels are returning to pre-recession levels."

Beginning in the fourth quarter of 2014, the Company increased its disclosure on the composition and performance of its leasing and consumer finance portfolios. This increased disclosure will help investors to better understand the quality of its portfolios and their trends and reflects the Company's commitment to transparency in its disclosures.

The Company included targets for 2015 in its previous press release announcing its results for the third quarter of 2014. Certain of these targets were revised in January 2015 due to the acquisition of 45 retail locations from the Cash Store.

The Company has established the following revised targets for 2015:

- Open 60 - 65 (from 40 - 45) new *easyfinancial* locations, including the new locations acquired from the Cash Store, with virtually all of these being stand-alone locations.
- *easyfinancial* gross consumer loans receivable portfolio growing to \$280 - \$295 million (from \$260 - \$270 million).
- *easyfinancial* margins of 28 - 32% (from 30 - 32%) will be moderated by the short-term earnings drag associated with the increased number of new store openings.

Based on these assumptions, the Company is targeting total revenue growth of 18 - 22%. The achievement of these targets by the Company is predicated on a number of factors, including the pace of expansion of *easyfinancial* and the availability of capital.

Dividend Increase

In consideration of the improved earnings achieved in 2014 compared to the prior year and the Company's confidence of its continued growth and access to capital going forward, the Board of



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Directors has approved an increase to the quarterly dividend from \$0.085 per share to \$0.10 per share. As such, the Board of Directors has approved a quarterly dividend payment of \$0.10 per share payable on April 10, 2015 to the holders of common shares of record as at the close of business on March 27, 2015.

About *easyhome*

As at December 31, 2014, *easyhome Ltd.* operated 192 *easyhome* leasing stores (including six consolidated franchise locations and 23 other franchise locations) and 154 *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 under the master brand *goeasy* through its 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.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(unaudited)

(expressed in thousands of Canadian dollars)

	As at December 31, 2014	As at December 31, 2013
ASSETS		
Cash	1,165	2,329
Amounts receivable	16,508	7,206
Prepaid expenses	1,971	1,699
Consumer loans receivable	180,693	103,936
Lease assets	64,526	68,453
Property and equipment	16,915	15,793
Deferred tax assets	6,725	3,997
Intangible assets	11,006	9,524
Goodwill	19,963	19,963
TOTAL ASSETS	319,472	232,900
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Revolving operating facility	1,756	23,496
Accounts payable and accrued liabilities	32,837	24,301
Income taxes payable	3,042	3,929
Dividends payable	1,133	1,130
Deferred lease inducements	2,603	2,749
Unearned revenue	3,978	3,763
Provisions	314	21
Term loan	119,841	37,878
TOTAL LIABILITIES	165,504	97,267
Shareholders' equity		
Share capital	80,364	79,923
Contributed surplus	6,458	4,169
Accumulated other comprehensive income	694	307
Retained earnings	66,452	51,234
TOTAL SHAREHOLDERS' EQUITY	153,968	135,633
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	319,472	232,900

easyhome Ltd.

CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

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

	Three months ended		Years Ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
REVENUE				
Lease revenue	37,445	37,788	151,068	153,347
Interest income	19,615	11,175	64,237	37,581
Other	12,982	8,833	43,845	27,886
	70,042	57,796	259,150	218,814
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION				
Salaries and benefits	21,163	17,159	78,012	66,127
Stock based compensation	1,814	1,349	6,264	3,803
Advertising and promotion	2,579	1,841	9,089	7,379
Bad debts	6,757	4,449	24,264	14,800
Occupancy	7,244	6,674	28,147	26,232
Distribution and travel	1,881	1,803	7,084	6,988
Other	3,811	3,433	16,281	14,808
Restructuring and other items	(1,225)	-	(1,225)	-
	44,024	36,708	167,916	140,137
DEPRECIATION AND AMORTIZATION				
Depreciation of lease assets	12,500	12,158	49,425	48,078
Depreciation of property and equipment	1,229	1,075	4,789	4,389
Amortization of intangible assets	621	384	2,133	1,309
Impairment, net	126	(38)	294	(64)
	14,476	13,579	56,641	53,712
Total operating expenses	58,500	50,287	224,557	193,849
Operating income	11,542	7,509	34,593	24,965
Finance costs	2,907	1,414	8,800	5,638
Income before income taxes	8,635	6,095	25,793	19,327
Income tax expense (recovery)				
Current	153	935	8,774	4,554
Deferred	1,370	824	(2,729)	591
	1,523	1,759	6,045	5,145
Net income	7,112	4,336	19,748	14,182
Basic earnings per share	0.53	0.34	1.47	1.16
Diluted earnings per share	0.51	0.33	1.42	1.15