



Why Easyhome Ltd Shares Surged Today

Description

Although we don't believe in timing the market or panicking over market movements, we do like to keep an eye on big changes — just in case they're material to our investing thesis.

What: Shares of merchandise leasing company **easyhome Ltd.** (TSX: EH) climbed 10% today after its quarterly results and outlook topped Bay Street expectations.

So what: The stock has soared over the past year on better-than-expected growth, and today's Q4 results — adjusted EPS spiked 38% on a revenue increase of 11.8% — coupled with upbeat guidance suggests that demand is only accelerating. Additionally, operating margin at its main easyfinancial services segment expanded 680 basis points while same-store sales surged 66%, giving analysts plenty of good vibes over its competitive position as well.

Now what: For the full year 2014, management plans to open 30 to 35 easyfinancial locations with total revenue growth expected in the range of 10% to 12%. "Looking ahead, easyhome's strategic focus remains unchanged," wrote the company in a statement. "The Company will focus on evolving its delivery channels to better meet the needs of its customers, expanding the size and scope of easyfinancial and executing with efficiency and effectiveness."

Of course, with the stock now up more than 90% from its 52-week lows, I'd wait for some of the excitement to fade before buying into those prospects.

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1. Investing

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Author
bpacampara

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