Leon's Furniture Releases Financial Results for the Third Quarter Ended September 30, 2016

TORONTO, ONTARIO November 10, 2016 – Leon's Furniture Limited ("**Leon's**" or the "**Company**") (**TSX: LNF**), today announced record financial results for the third quarter 2016.

Highlights – Q3 2016

- Same store sales[1] grew 4.1% in Q3-2016.
- Total system wide sales[1] grew 4.3% to $673,897,000 in Q3-2016 compared to $646,078,000 in Q3-2015.
- Revenue grew 4.9% to $575,724,000 in Q3-2016 compared to $548,861,000 in Q3-2015.
- Adjusted EBITDA[1] increased 15.5% to $56,202,000 in Q3-2016 compared to $48,679,000 in Q3-2015.
- Adjusted diluted earnings per share[1] grew 25.8% to $0.39 in Q3-2016 compared to $0.31 in Q3-2015.

Highlights – nine months ended September 30th

- Same store sales[1] grew 4.7% in the first nine months of 2016.
- Total system wide sales[1] grew 5.2% to $1,826,832,000 in the first nine months of 2016 compared to $1,737,155,000 in the first nine months of 2015.
- Revenue grew 5.7% to $1,555,355,000 in the first nine months of 2016 compared to $1,471,489,000 in the first nine months of 2015.
- Adjusted EBITDA[1] increased 8.8% to $112,659,000 in the first nine months of 2016 compared to $103,522,000 for the comparative prior year period.
- Adjusted diluted earnings per share[1] increased 18.2 % to $0.65 in the first nine months of the year compared to $0.55 for the comparative prior year period.

[1]*Refer to the Non-IFRS Measures section of this press release*

"We are very pleased we generated solid same store sales and earnings growth in Q3," said Edward Leon, President & Chief Operating Officer of Leon's. "We have driven greater traffic and increased average ticket price at the store level across all our banners this year. We are focused on continuing to grow the top line while maintaining stringent cost controls and generating incremental synergies now that our IT integration with The Brick is complete."

Mr. Leon added, "In October, we announced that we had opened ten new retail locations across the country, including four in British Columbia. Both of our core banners now have a meaningful presence in all key areas of the country. We remain confident that we are poised to drive significant value for our shareholders in the coming years."

For a full explanation of the Company's use of non-IFRS measures, please refer to page 4 of this press release.

Summary of Financial Highlights

	For the three months ended September 30			
(000's of $ except % and per share amounts)	**2016**	**2015**	**$ Increase (Decrease)**	**% Increase (Decrease)**
Total system wide sales [(1)]	**673,897**	646,078	27,819	4.3%
Franchise sales [(1)]	**98,173**	97,217	956	1.0%
Revenue	**575,724**	548,861	26,863	4.9%
Same store sales [(1)]	**557,903**	535,829	22,074	4.1%
Gross profit margin as a percentage of revenue	**42.54%**	43.61%		
SG&A[(2)] as a percentage of revenue (excluding mark-to-market impact and severance charge)	**34.56%**	36.64%		
Adjusted EBITDA[(1)]	**56,202**	48,679	7,523	15.5%
Adjusted net income[(1)]	**31,300**	24,739	6,561	26.5%
Adjusted basic earnings per share[(1)]	**$ 0.44**	$ 0.35	$ 0.09	25.7%
Adjusted diluted earnings per share[(1)]	**$ 0.39**	$ 0.31	$ 0.08	25.8%
Common share dividends declared	**$ 0.10**	$ 0.10	$ -	

(1) Non-IFRS financial measures. Refer to "Non-IFRS Financial Measures" section in this press release for additional information.

(2) Selling, general and administrative expenses

Revenue

For the three-months ended September 30, 2016, revenue was $575,724,000 compared to $548,861,000 in the prior year's third quarter. Revenue increased $26,863,000 or 4.9% between the comparative quarters as we continued to see growth in most product categories.

Selling, general and administrative expenses ("SG&A")

Excluding the mark-to-market impact of the Company's financial derivatives, comprised of foreign exchange forwards and a fixed interest rate swap, SG&A as a percentage of revenue decreased from 36.64% to 34.56% compared to the prior year's quarter. The reduction is due primarily from generating a higher degree of leverage on our fixed costs by increasing revenues by 4.9%. In addition, we continue controlling variable costs.

Adjusted Net Income[(1)] and Adjusted Diluted Earnings Per Share[(1)]

As a result of the above, adjusted net income for the third quarter of 2016 was $31,300,000, $0.39 adjusted diluted earnings per share ($24,739,000, $0.31 adjusted diluted basic earnings per share in 2015).

Consolidated operating results for the nine-months ended September 30, 2016 and September 30, 2015

	For the nine months ended September 30			
(000's of $ except % and per share amounts)	2016	2015	$ Increase (Decrease)	% Increase (Decrease)
Total system wide sales [1]	**1,826,832**	1,737,155	89,677	5.2%
Franchise sales [1]	**271,477**	265,666	5,811	2.2%
Revenue	**1,555,355**	1,471,489	83,866	5.7%
Same store sales [1]	**1,492,139**	1,424,657	67,482	4.7%
Gross profit margin as a percentage of revenue	**42.22%**	43.50%		
SG&A[2] as a percentage of revenue (excluding mark-to-market impact and severance charge)	**36.95%**	38.55%		
Adjusted EBITDA[1]	**112,659**	103,522	9,137	8.8%
Adjusted net income[1]	**52,017**	43,149	8,868	20.6%
Adjusted basic earnings per share[1]	**$ 0.73**	$ 0.61	$ 0.12	19.7%
Adjusted diluted earnings per share[1]	**$ 0.65**	$ 0.55	$ 0.10	18.2%
Common share dividends declared	**$ 0.30**	$ 0.30	$ -	

(1) Non-IFRS financial measures. Refer to "Non-IFRS Financial Measures" section in this press release for additional information.

(2) Selling, general and administrative expenses

Revenue

For the nine-months ended September 30, 2016, revenue was $1,555,355,000 compared to $1,471,489,000 for the prior year's nine-month period. Revenue increased $83,866,000 or 5.7% for the comparative periods.

Selling, general and administrative expenses ("SG&A")

Excluding severance payments and the mark-to-market impact of the Company's financial derivatives, comprised of foreign exchange forwards and a fixed interest rate swap, SG&A as a percentage of revenue decreased from 38.55% to 36.95%. Like the third quarter results, the reduction is due primarily from generating a higher degree of leverage on a our fixed costs by increasing revenues by 5.7%. In addition, we continue on controlling variable costs.

Adjusted Net Income[1] and Adjusted Diluted Earnings Per Share[1]

As a result of the above, adjusted net income for the nine-month period ending September 30, 2016 was $52,017,000, $0.65 per adjusted diluted earnings per share ($43,149,000, $0.55 per adjusted diluted earnings per share in 2015).

Dividends

As previously announced, we paid a quarterly 10¢ dividend on October 8, 2016. Today we are happy to announce that the Directors have declared a quarterly dividend of 10¢ per common share payable on the 9th day of January 2017 to shareholders of record at the close of business on the 9th day of December 2016. As of 2007, dividends paid by Leon's Furniture Limited are "eligible dividends" pursuant to the changes to the Income Tax Act under Bill C-28, Canada.

Store Network

The Company has 304 retail stores from coast to coast in Canada under the various banners indicated below which also includes over 100 franchise locations.

Banner	Number of Stores
Leon's banner corporate stores	50
Leon's banner franchise stores	36
Appliance Canada banner stores	4
The Brick banner corporate stores[1]	114
The Brick banner franchise stores[2]	64
The Brick Mattress Store banner locations	23
United Furniture Warehouse ("UFW") banner stores	2
UFW and The Brick Clearance Centre banner stores	11
Total number of stores	304

[1]Includes the Midnorthern Appliance banner

[2]Includes one UFW Franchise

Non-IFRS Financial Measures

The Company uses financial measures that do not have standardized meaning under IFRS and may not be comparable to similar measures presented by other entities. The Company calculates the non-IFRS measures by adjusting certain IFRS measures for specific items the Company believes are significant, but not reflective of underlying operations in the period, as detailed below:

Non-IFRS Measure	IFRS Measure
Adjusted net income	Net income
Adjusted income before income taxes	Income before income taxes
Adjusted earnings per share – basic	Earnings per share – basic
Adjusted earnings per share – diluted	Earnings per share – diluted
Adjusted EBITDA	Net income

For a reconciliation of the Company's non-IFRS measures please refer to the Company's MD&A for the quarter ended September 30, 2016, which is available on SEDAR at www.sedar.com.

Adjusted Net Income

Leon's calculates comparable measures by excluding the effect of:

- the mark-to-market adjustments included in the Company's selling, general and administrative ("SG&A") income statement line item, related to the net effect of USD-denominated forward contracts and an interest rate swap on the Company's term credit facility;
- severance charges in the period, a non-recurring expense included in the Company's SG&A.

Management believes excluding from income the effect of these mark-to-market valuations and changes thereto, until settlement, better aligns the intent and financial effect of these contracts with the underlying cash flows. Similarly, excluding from income the effect of non-recurring expenses better reflects Leon's normalized SG&A as a percentage of revenue in the period.

Adjusted EBITDA

Adjusted earnings before interest, income taxes, depreciation and amortization, mark-to-market adjustment due to the changes in the fair value of the Company's financial derivative instruments and non-recurring charges to income ("Adjusted EBITDA") is a non-IFRS financial measure used by the Company. The Company considers Adjusted EBITDA to be an effective measure of profitability on an operational basis and is commonly regarded as an indirect measure of operating cash flow, a significant indicator of success for many businesses. Adjusted EBITDA is a non-IFRS financial measure used by the Company. The Company's Adjusted EBITDA may not be comparable to the Adjusted EBITDA measure of other entities, but in management's view appropriately reflects Leon's specific financial condition. This measure is not intended to replace net income, which, as determined in accordance with IFRS, is an indicator of operating performance.

Same Store Sales

Same store sales are defined as sales generated by stores that have been open or closed for more than 12 months on a yearly basis. Same store sales is not an earnings measure recognized by IFRS, and does not have a standardized meaning prescribed by IFRS, but it is a key indicator used by the Company to measure performance against prior period results. Same store sales as discussed in this press release may not be comparable to similar measures presented by other issuers, however this measure is commonly used in the retail industry. We believe that disclosing this measure is meaningful to investors because it enables them to better understand the level of growth of our business.

Total System Wide Sales

Total system wide sales refer to the aggregation of revenue recognized in the Company's consolidated financial statements plus the franchise sales occurring at franchise stores to their customers which are not included in the revenue figure presented in the Company's consolidated financial statements. Total system wide sales is not a measure recognized by IFRS, and does not have a standardized meaning prescribed by IFRS, but it is a key indicator used by the Company to measure performance against prior period results. Therefore, total system wide sales as discussed in this press release may not be comparable to similar measures presented by other issuers. We believe that disclosing this measure is meaningful to investors because it serves as an indicator of the strength of the Company's overall store network, which ultimately impacts financial performance.

Franchise Sales

Franchise sales figures refer to sales occurring at franchise stores to their customers which are not included in the revenue figures presented in the Company's consolidated financial statements, or in the same store sales figures in this press release. Franchise sales is not a measure recognized by IFRS, and does not have a standardized meaning prescribed by IFRS, but it is a key indicator used by the Company to measure performance against prior period results. Therefore, franchise sales as discussed in this press release may not be comparable to similar measures presented by other issuers. Once again we believe that disclosing this measure is meaningful to investors because it serves as an indicator of the strength of the Company's brands, which ultimately impacts financial performance.

About Leon's Furniture Limited

Leon's Furniture Limited is the largest retailer of furniture, appliances and electronics in Canada. Our retail banners include: Leon's; The Brick; The Brick Mattress Store; The Brick Clearance Centre and United Furniture Warehouse. Finally, with the Midnorthern Appliance banner alongside the Appliance Canada banner, we are also the country's largest commercial retailer of appliances to builders, developers, hotels and property management companies. The Company has 304 retail stores from coast to coast in Canada under various banners.

Forward-Looking Statements

Information in this press release that is not current or historical factual information may constitute forward-looking information within the meaning of securities laws, including future-oriented financial information and financial outlooks. This information is based on certain assumptions regarding expected growth, results of operations, performance, and business prospects and opportunities. While the Company considers these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. Forward-looking information is subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from what the Company currently expects. These risks, uncertainties and other factors include, but are not limited to: credit, market, currency, operational, liquidity and funding risks, including changes in economic conditions, interest rates or tax rates, the timing and market acceptance of future products, and competition in the Company's markets.

To the extent any forward-looking information in this press release constitutes future-oriented financial information or financial outlooks, within the meaning of securities laws, such information is being provided to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose. Future-oriented financial information and financial outlooks, as with forward-looking information generally, are based on assumptions and subject to risks, uncertainties and other factors. Actual results may differ materially from what the Company currently expects. Other than as required under applicable securities laws, the Company does not undertake to update any forward-looking information at any particular time. The reader should not place undue importance on forward-looking information and should not rely upon this information as of any other date. All forward-looking information contained in this press release is expressly qualified in its entirety by this cautionary statement.

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