



FOR: FIRSTSERVICE CORPORATION

COMPANY CONTACT:

Jay S. Hennick  
President & Chief Executive Officer  
FirstService Corporation  
(416) 960-9500

D. Scott Patterson  
Senior Vice President & CFO  
FirstService Corporation  
(416) 960-9500

INVESTOR RELATIONS:

Jeffrey Elliott  
(919) 968-4085

**FOR IMMEDIATE RELEASE**

**FIRSTSERVICE REPORTS FOURTH QUARTER AND  
YEAR-END RESULTS**

**TORONTO**, Ontario, May 14, 2002 -- FirstService Corporation (Nasdaq: FSRV; TSE: FSV) today announced the results for its fourth quarter and year ended March 31, 2002.

Revenue for the fourth quarter grew 14% to US\$117.8 million from the US\$103.7 million reported in the same quarter a year ago. Earnings before interest, taxes, depreciation and amortization (EBITDA) totalled US\$7.1 million for the fourth quarter, an increase of 15% over EBITDA of US\$6.2 million in the previous year quarter. Net earnings were US\$0.55 million or US\$0.04 per share (diluted) and reflect the adoption of SFAS No. 142, Goodwill and Other Intangible Assets. The prior year's results for the fourth quarter, adjusted to reflect SFAS 142, were net earnings of US\$0.55 million or US\$0.04 per share (diluted).

Revenues for the fiscal year ended March 31, 2002 were US\$512.7 million, a 21% increase from the US\$424.2 million reported in fiscal 2001. EBITDA was US\$57.1 million, up 19%, while net earnings before the extraordinary item and

diluted earnings per share before the extraordinary item grew 17% and 12%, to US\$18.2 million and US\$1.25, respectively, after adjusting the prior period figures to reflect SFAS 142.

FirstService Corporation is a leader in the rapidly growing service sector, providing property and business services to commercial and residential customers in the following areas: Residential Property Management; Integrated Security Services; Consumer Services and customer support and fulfillment and business process outsourcing.

### *PROPERTY SERVICES*

The Property Services division generated revenue of US\$84.2 million for the fourth quarter, up 4% over the prior year. Within Property Services, revenue in the Residential Property Management segment increased 2% to US\$44.6 million; Integrated Security Services grew by 3% to US\$25.1 million; and Consumer Services increased 13% to US\$14.5 million.

Property Services EBITDA was US\$3.1 million or 3.7% of revenue, compared to US\$4.1 million or 5.1% of revenue in the fourth quarter of the prior year. Within Property Services, EBITDA in Residential Property Management was US\$2.4 million, down from US\$3.4 million in the prior year, primarily due to lower revenues from the segment's painting and restoration operations and higher insurance premiums. Integrated Security Services generated EBITDA of US\$1.3 million, down slightly from US\$1.4 million in the prior year. Consumer Services experienced reduced seasonal losses in the fourth quarter reporting EBITDA of US\$(0.56) million compared to US\$(0.71) million in the prior year.

### *BUSINESS SERVICES*

Revenue from the Business Services division was US\$33.5 million for the quarter, an increase of 48% due primarily to the acquisition of The Watts Group (Watts) completed in March 2001. Business Services EBITDA increased to US\$5.1 million or 15.1% of revenue versus US\$3.2 million or 14.3% of revenue in the prior year period. The margin improvement reflects i) productivity improvements at the Company's business process outsourcing operation and ii) the impact of the Watts acquisition which altered the business mix.

## *OUTLOOK*

The Company is updating its outlook for the year ending March 31, 2003 as follows:

(in millions of US dollars, except per share amounts)	<b>Year ending March 31, 2003</b>
<b>Revenues</b>	\$540.0 - \$560.0
<b>EBITDA</b>	\$60.5 - \$63.0
<b>Diluted EPS</b>	\$1.42 - \$1.52

\* Note: Revenues and earnings from acquisitions completed before March 31, 2003 will be incremental to these amounts.

## *CONFERENCE CALL*

FirstService will be holding a conference call on Tuesday, May 14, 2002 at 2:00 pm Eastern Time to discuss results for the fourth quarter and the outlook for fiscal 2003. The call will be simultaneously webcast and can be accessed live or after the call at [www.firstservice.com](http://www.firstservice.com) in the “News Release” section.

## *FORWARD-LOOKING STATEMENTS*

Certain statements included in this release constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, which will, among other things, impact demand for the Company’s services, service industry conditions and capacity; the ability of the Company to implement its business strategy, including the Company’s ability to acquire suitable acquisition candidates on acceptable terms and successfully integrate newly acquired businesses with its existing businesses; changes in or the failure to comply with government regulations (especially safety and environmental laws and regulations); and other factors which are described in the Company’s filings with the Securities and Exchange Commission.

**FIRSTSERVICE CORPORATION**

**Condensed Consolidated Statements of Earnings**

(in thousands of US dollars, except per share amounts)

	Three Months Ended March 31		Twelve Months Ended March 31		
	2002	2001	2002	2001	
<b>Revenues</b>	<b>\$ 117,837</b>	<b>\$ 103,660</b>	<b>\$ 512,689</b>	<b>\$ 424,174</b>	
Cost of revenues	82,521	72,929	343,415	284,474	
Selling, general and administrative expenses	28,181	24,522	112,152	91,845	
<b>EBITDA</b>	<b>7,135</b>	<b>6,209</b>	<b>57,122</b>	<b>47,855</b>	
Depreciation and amortization of intangibles	3,183	2,509	12,079	8,527	
Amortization of goodwill	-	821	-	3,402	
Interest	2,665	2,567	11,616	9,767	
Earnings before the following:	1,287	312	33,427	26,159	
Income taxes	394	132	11,355	10,464	
Earnings before minority interest	893	180	22,072	15,695	
Minority interest share of earnings	347	136	3,861	2,988	
<b>Net earnings before extraordinary item</b>	<b>546</b>	<b>44</b>	<b>18,211</b>	<b>\$12,707</b>	
Extraordinary loss on early retirement of debt, net of income tax benefit of \$578	-	-	797	-	
<b>Net earnings</b>	<b>\$ 546</b>	<b>\$ 44</b>	<b>\$ 17,414</b>	<b>\$ 12,707</b>	
<b>Net earnings per share before extraordinary item:</b>					
	Basic	\$ 0.04	\$ 0.00	\$ 1.34	\$ 0.97
	<b>Diluted</b>	<b>\$ 0.04</b>	\$ 0.00	<b>\$ 1.25</b>	\$ 0.92
<b>Net earnings per share:</b>					
	Basic	\$ 0.04	\$ 0.00	\$ 1.28	\$ 0.97
	<b>Diluted</b>	<b>\$ 0.04</b>	\$ 0.00	<b>\$ 1.19</b>	\$ 0.92
<b>Weighted average shares outstanding: (in thousands)</b>					
	Basic	13,761	13,120	13,565	13,074
	<b>Diluted</b>	<b>14,700</b>	14,032	<b>14,600</b>	13,841

**Note to the Condensed Consolidated Statements of Earnings**

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, Business Combinations, and No. 142, Goodwill and Other Intangible Assets (SFAS 141 & 142). Effective April 1, 2001, the Company elected early adoption of SFAS 142. The adoption of this standard has the effect of eliminating amortization expense of goodwill and indefinite life intangibles.

The prior period figures have not been adjusted for this change in accounting policy. Net earnings for the quarter ended March 31, 2001, adjusted to reflect SFAS 142, would be \$552 and on a per-share basis, \$0.04 (basic) and \$0.04 (diluted). For the twelve months ended March 31, 2001, net earnings would be \$15,560 and on a per-share basis, \$1.19 (basic) and \$1.12 (diluted).

EBITDA is not a term recognized under United States generally accepted accounting principles. EBITDA refers to earnings before interest, taxes, depreciation and amortization. Non-US GAAP terms such as EBITDA do not have a standardized meaning and are therefore unlikely to be comparable to similar measures presented by other issuers.

**Segmented Revenues and EBITDA**

(in thousands of US dollars)

	<u>Property Services – residential property management</u>	<u>Property Services – integrated security services</u>	<u>Property Services – consumer services</u>	<u>Business Services</u>	<u>Corporate</u>	<u>Consolidated</u>
<u>Three months ended March 31</u>						
<b>2002</b>						
Revenues	44,625	25,066	14,489	33,480	177	117,837
EBITDA	2,449	1,254	(560)	5,064	(1,072)	7,135
2001						
Revenues	43,911	24,286	12,849	22,553	61	103,660
EBITDA	3,422	1,412	(709)	3,235	(1,151)	6,209
<u>Twelve months ended March 31</u>						
<b>2002</b>						
Revenues	205,376	95,507	83,964	127,478	364	512,689
EBITDA	18,834	6,535	13,846	22,376	(4,469)	57,122
2001						
Revenues	181,730	81,007	78,838	82,346	253	424,174
EBITDA	18,051	6,025	12,502	15,888	(4,611)	47,855

**Condensed Consolidated Balance Sheets**

(in thousands of US dollars)

	<b>March 31</b>	March 31
	<b>2002</b>	2001
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 7,332	\$ 5,115
Accounts receivable	88,587	79,473
Inventories	9,078	9,627
Prepays and other current assets	15,874	11,893
<b>Current assets</b>	<b>120,871</b>	106,108
Fixed assets	45,367	40,741
Other assets	11,291	10,590
Goodwill and intangibles	180,676	156,221
<b>Total assets</b>	<b>\$ 358,205</b>	\$ 313,660
<b><u>Liabilities and shareholders' equity</u></b>		
Accounts payable and other current liabilities	\$ 61,698	\$ 59,215
Unearned revenues	9,654	9,505
Long term debt – current	7,193	3,050
<b>Current liabilities</b>	<b>78,545</b>	71,770
Long term debt less current portion	160,488	149,374
Deferred income taxes	7,881	4,236
Minority interest	11,449	8,824
Shareholders' equity	99,842	79,456
<b>Total liabilities and equity</b>	<b>\$ 358,205</b>	\$ 313,660

**Condensed Consolidated Statements of Cash Flows**

(in thousands of US dollars)

	Twelve Months Ended March 31	
	<u>2002</u>	<u>2001</u>
<b><i>Operating activities</i></b>		
Net earnings	\$ 17,414	\$ 12,707
Items not affecting cash:		
Depreciation and amortization	12,079	11,929
Deferred income taxes	489	1,056
Minority interest share of earnings	3,861	2,988
Other	1,846	451
	<u>35,689</u>	<u>29,131</u>
Changes in operating assets and liabilities	<u>(10,724)</u>	<u>(6,841)</u>
Net cash provided by operating activities	<u>24,965</u>	<u>22,290</u>
<b><i>Investing activities</i></b>		
Acquisition of businesses, net of cash acquired	(19,986)	(44,653)
Purchases of fixed assets, net	(15,611)	(10,502)
Other investing activities	(390)	(796)
Net cash used in investing	<u>(35,987)</u>	<u>(55,951)</u>
<b><i>Financing activities</i></b>		
Net increases in long-term debt	13,571	36,368
Other financing activities	246	(361)
Net cash provided by financing	<u>13,817</u>	<u>36,007</u>
Effect of exchange rate changes on cash	<u>(578)</u>	<u>(528)</u>
Increase in cash and cash equivalents		
during the period	2,217	1,818
Cash and cash equivalents, beginning of period	<u>5,115</u>	<u>3,297</u>
Cash and cash equivalents, end of period	<u>\$ 7,332</u>	<u>\$ 5,115</u>