



**FOR: FIRSTSERVICE CORPORATION**

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**FOR IMMEDIATE RELEASE**

TSE: FSV  
 Nasdaq: FSRV

**FIRSTSERVICE POSTS RECORD FOURTH QUARTER, YEAR-END RESULTS EPS UP 28% FOR THE YEAR**

**TORONTO**, May 16 /CNW/ - FirstService Corporation (Nasdaq: FSRV; TSE: FSV) today announced record results for the quarter and fiscal year ended March 31, 2001.

For the quarter, revenue grew to US\$103.7 million, up 32% from the US\$78.8 million reported a year ago. Internal growth accounted for approximately one-third of the total year-over-year revenue increase. Earnings before interest, taxes, depreciation and amortization (EBITDA) were US\$6.2 million in the fourth quarter, an increase of 60% over US\$3.9 million in the previous year. EBITDA margin increased by over 100 basis points to 6.0% of revenue.

Net earnings for the seasonally low fourth quarter were US\$44,000 compared to a loss of US\$453,000 in the prior year period -- or US\$0.00 versus US(\$0.03) on a per share basis.

Revenue for the full year grew to US\$424.2 million, a 25% increase from the US\$340.0 million reported in the prior year -- generating EBITDA of US\$47.9 million, up 26% over US\$38.0 million reported in the previous year. EBITDA margin increased by approximately 10 basis points to 11.3% of revenue.

Net earnings for the year were US\$12.7 million, up 29%, while diluted earnings per share grew by 28% to US\$0.92 from US\$0.72.

"Fiscal 2001 was another very successful year", said Jay S. Hennick, President and Chief Executive Officer. "Internal growth remained strong at 12%, cash flow from operations for the year was the highest ever and we increased our EBITDA margin for the fifth consecutive year. We also exceeded our 20% annual growth target for the ninth year in a row," he concluded.

Revenue from the Property Services division was US\$80.2 million for the quarter, up 33% over the prior year reflecting the impact of acquisitions together with strong internal growth. Revenue from the Business Services division was US\$23.5 million for the quarter, an increase of 25% primarily as a result of the impact of the March 2001 acquisition of Herbert A. Watts Limited.

During the quarter, FirstService completed the acquisition of Watts, one of Canada's largest customer support and fulfillment outsourcing companies which generated revenues of US\$39 million and EBITDA of US\$4.6 million for its most recent year ended prior to acquisition.

FirstService will be holding a conference call on Wednesday, May 16, 2001 at 2:00pm Eastern Time to discuss results for the fourth quarter and the year. The call is being webcast and can be accessed at [www.firstservice.com](http://www.firstservice.com) in the "News Release" section.

FirstService Corporation is a leader in the rapidly growing service sector, providing a variety of property and business outsourcing services -- including residential property management, integrated security services, consumer services, customer support and fulfillment and business process outsourcing -- to a variety of customers throughout North America.

Certain statements included in this release constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 (the "Reform Act"). 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

#### Consolidated Statements of Earnings

(in thousands of U.S. dollars)				
	Three month Periods ended March 31		Years ended March 31	
	2001	2000	2001	2000
<b>Revenue</b>	<b>\$103,660</b>	\$78,788	<b>\$424,174</b>	\$340,035
Cost of revenue	<b>72,929</b>	55,365	<b>284,474</b>	226,154
Selling, general and administrative expenses	<b>24,522</b>	19,534	<b>91,845</b>	75,904
EBITDA	<b>6,209</b>	3,889	<b>47,855</b>	37,977
Depreciation	<b>2,228</b>	1,760	<b>7,708</b>	6,486
Amortization	<b>1,102</b>	800	<b>4,221</b>	3,621
Interest	<b>2,567</b>	2,080	<b>9,767</b>	7,849
Earnings (loss) before the following:	<b>312</b>	(751)	<b>26,159</b>	20,021
Income taxes	<b>132</b>	(296)	<b>10,464</b>	7,989
Earnings (loss) before minority interest	<b>180</b>	(455)	<b>15,695</b>	12,032
Minority interest share of earnings	<b>136</b>	(2)	<b>2,988</b>	2,164
<b>Net earnings (loss)</b>	<b>\$44</b>	\$(453)	<b>\$12,707</b>	\$9,868
<b>Earnings per share:</b> Basic	<b>\$0.00</b>	\$(0.03)	<b>\$0.97</b>	\$0.76
Diluted	<b>\$0.00</b>	\$(0.03)	<b>\$0.92</b>	\$0.72
<b>Weighted average shares outstanding:</b> Basic	<b>13,165</b>	13,000	<b>13,074</b>	12,948
Diluted	<b>14,032</b>	13,000	<b>13,841</b>	13,708

#### Condensed Consolidated Balance Sheets

(in thousands of U.S. dollars)		
	As at March 31	As at March 31
<b>Assets</b>	<b>2001</b>	2000
Cash and cash equivalents	<b>\$5,115</b>	\$3,297
Accounts receivable (net)	<b>79,473</b>	53,170
Inventory and other current assets	<b>21,520</b>	18,483
<b>Current assets</b>	<b>106,108</b>	74,950
Fixed assets	<b>40,741</b>	29,693
Other assets	<b>11,498</b>	8,749
Goodwill	<b>155,313</b>	117,495
<b>Total assets</b>	<b>\$313,660</b>	\$230,887
<b>Liabilities and shareholders' equity.</b>		
Accounts payable and other current liabilities	<b>\$59,215</b>	\$38,103
Unearned revenue	<b>9,505</b>	10,725
Long term debt - current	<b>3,050</b>	2,733
<b>Current liabilities</b>	<b>71,770</b>	51,561
Long term debt less current portion	<b>149,374</b>	102,177
Deferred income taxes	<b>4,236</b>	1,836
Minority interest	<b>8,824</b>	6,975
Shareholders' equity	<b>79,456</b>	68,338
<b>Total liabilities and equity</b>	<b>\$313,660</b>	\$230,887

#### Consolidated Consolidated Statements of Cash Flows

(in thousands of U.S. dollars)				
	Three month Periods ended March 31		Years ended March 31	
	2001	2000	2001	2000
<b>Operating activities</b>				
Net Earnings	<b>\$44</b>	\$(453)	<b>\$12,707</b>	\$9,868
Items Not affecting Cash:				
Depreciation and amortization	<b>3,330</b>	2,560	<b>11,929</b>	10,107
Deferred income taxes	<b>1,072</b>	733	<b>1,056</b>	1,087
Minority interest share of earnings	<b>136</b>	(2)	<b>2,988</b>	2,164
Other	<b>116</b>	115	<b>451</b>	446

<b>TOTAL</b>	<b>4,698</b>	2,953	<b>29,131</b>	23,672
Changes in operating assets and liabilities, excluding assets acquired and liabilities assumed in acquisitions	<b>5,222</b>	(4,239)	<b>(6,841)</b>	(3,999)
Net cash provided by operating activities	<b>9,920</b>	(1,286)	<b>22,290</b>	19,673
<b>Investing activities</b>				
Acquisition of businesses, net of cash acquired	<b>(22,388)</b>	(3,028)	<b>(44,653)</b>	(22,069)
Purchases of fixed assets	<b>(3,456)</b>	(2,299)	<b>(10,502)</b>	(8,824)
Other investing activities	<b>886</b>	(104)	<b>(698)</b>	(1,913)
Net cash used in investing	<b>(24,958)</b>	(5,431)	<b>(55,853)</b>	(32,806)
<b>Financing activities</b>				
Net increases (decreases) in long-term debt	<b>15,232</b>	(3,475)	<b>36,368</b>	12,350
Other financing activities	<b>(635)</b>	(266)	<b>(459)</b>	(962)
Net cash provided by financing	<b>14,597</b>	(3,741)	<b>35,909</b>	11,388
Effect of exchange rate changes on cash	<b>338</b>	1,385	<b>(528)</b>	415
Increase (decrease) in cash and cash equivalents during the period	<b>(103)</b>	(9,073)	<b>1,818</b>	(1,330)
Cash and cash equivalents, beginning of period	<b>5,218</b>	12,370	<b>3,297</b>	4,627
Cash and cash equivalents, end of period	<b>\$5,115</b>	\$3,297	<b>\$5,115</b>	\$3,297
The Consolidated Statements of Earnings and Cash Flows and Balance Sheets have been prepared in accordance with U.S. GAAP.				