



## **News Release**

October 28, 2009

### **Cash Store Financial achieves record quarterly revenue, earnings per share and branch operating income**

EDMONTON, October 28, 2009 /CNW/ - The Cash Store Financial Services Inc. ("Cash Store Financial") today announced first quarter results for the period ended September 30, 2009.

#### **First Quarter Highlights (table of results at end of release)**

- Record quarterly revenue of \$41.6 million, up 11.2% from \$37.4 million for the same period last year.
- Record earnings per share (diluted) up to \$0.33 from \$0.31 for the first quarter last year.
- Record branch operating income of \$15.8 million, up 8.2%, compared to \$14.6 million for the same quarter last year.
- Branch count up 60 net new branches from 391 at September 30, 2008 to 451 at September 30, 2009. 27 net new branches opened in the quarter.
- Net income of \$5.6 million, compared to \$6.1 million for the same quarter last year. Net income decreased as a result of increased costs related to the Company's aggressive growth strategy and new product initiatives.
- EBITA of \$10.7 million compared to \$10.9 million for the first quarter last year.
- Same branch revenues for the 374 locations opened since the beginning of first quarter of fiscal 2009 increased 5.6% to \$101,600 from \$96,200 for the same quarter last year.

- Repurchase of 387,799 common shares at a cost of \$3.3 million at an average price of \$8.60.
- Dividend of \$0.10 payable November 26, 2009, to shareholders of record on November 11, 2009.

Mr. Gordon Reykdal, Chairman and CEO commented: "Performance in the first quarter of fiscal 2010 was very strong, with record levels in revenue, branch operating income and earnings per share. Relative to the same period last year we achieved a sharp increase in revenue of 11.2% to \$41.6 million from \$37.4 million. Branch operating income, also at record levels, improved 8.2% to \$15.8 million from \$14.6 million. Diluted earnings per share were up 6.5% to \$0.33 from \$0.31. Same branch revenues for the 374 locations open since the beginning of the first quarter of fiscal 2009 grew 5.6% to \$101,600 from \$96,200. In the quarter, the Company's net income decreased as a result of an increased drag in new branch start-up losses associated with accelerating new branch openings, increased costs associated with infrastructure additions to information systems, marketing and new product development. Our aggressive new branch openings and increased infrastructure will position the Company for accelerated revenue and income growth over the long-term."

Mr. Reykdal commented: "Trending from recent periods indicates that our continued focus on associate training is having a positive impact on revenue, internal controls, associate retention and branch operating income. The impact of these processes has been complimented by the increased longevity of our regional and branch manager network. Branch operating income as a percentage of revenue for branches older than 12-months continues to improve and is expected to do so in subsequent periods. Branches less than 12 months are achieving profitability at an improved pace. Through-out fiscal 2009, we rolled-out Cash Store TV, an internal computer based television network with daily programming related to critical operational issues. Cash Store TV will play a critical part in the roll-out of several new products currently under development."

Mr. Reykdal further commented: "Various provinces have now implemented or will soon implement consumer protection regulations for the industry, including rate caps for payday loans. Our experience to date has been that these rules have caused industry consolidation and market shifts that drive new customers into

our branches. We are confident that regulations will have a positive long-term impact on our business. We expect most provinces to complete the regulatory process by the end of fiscal 2010. On the basis of these expectations we are continuing our rapid expansion, at a pace of about 18 to 20 branches per quarter. We have a strong platform from which we will launch new products, including bank accounts that we will offer through an agency agreement with Calgary-based DC Bank. We have initiated an expansion into the U.K. and expect to have two branches operational before the end of the calendar year.”

Mr. Reykdal concluded: “Our cash position remains sufficient to fund all growth initiatives and to support our commitment to maximizing shareholder returns. On June 30, 2009, the Company initiated a normal course issuer bid. For the three months ended September 30, 2009, the company purchased and subsequently cancelled 387,799 common shares at a cost of \$3.3 million. We have also declared a quarterly dividend of \$0.10, an increase of \$0.035, payable on November 26, 2009, to shareholders of record on November 11, 2009.”

### **About Cash Store Financial**

Cash Store Financial is the only broker of short-term advances and other financial services in Canada publicly traded on the Toronto Stock Exchange (TSX: CSF). Cash Store Financial operates more than 450 branches across Canada under the banners: The Cash Store and Instalozans.

The Cash Store and Instalozans act as brokers to facilitate short-term advances and other financial services to income-earning consumers who may not be able to obtain them from traditional banks. Cash Store Financial also provides a private-label debit card - the Freedom card and a prepaid credit card - the Freedom MasterCard, and other financial services.

Cash Store Financial employs approximately 1,800 associates and is headquartered in Edmonton, Alberta.

## Summary Financial Information

<i>Thousands of dollars, except for per share amounts and branch figures</i>		<b>Three Months Ended</b>	
		<b>September 30 2009</b>	September 30 2008
<b>Consolidated results</b>			
	<i>No. of branches</i>	<b>451</b>	391
Revenue			
Brokerage		\$ <b>41,624</b>	\$ 37,293
Interest income		<b>14</b>	126
		<b>41,638</b>	37,419
Branch expenses		<b>20,781</b>	18,537
Retention payments		<b>5,100</b>	4,251
Branch operating income		<b>15,757</b>	14,631
Regional expenses		<b>2,357</b>	1,721
Corporate expenses		<b>4,141</b>	3,404
Other amortization		<b>571</b>	214
Income before income taxes		<b>8,688</b>	9,292
EBITA *		<b>10,723</b>	10,929
Net income and comprehensive income		\$ <b>5,640</b>	\$ 6,056
Weighted average number of shares			
outstanding - basic		<b>16,817</b>	19,434
Basic earnings per share			
Net income and comprehensive income		\$ <b>0.34</b>	\$ 0.31
Diluted earnings per share			
Net income and comprehensive income		\$ <b>0.33</b>	\$ 0.31
<b>Consolidated Balance Sheet Information</b>			
Working capital		\$ <b>8,112</b>	\$ 17,504
Total assets		<b>87,551</b>	82,928
Total long-term liabilities		<b>3,423</b>	2,148
Total liabilities		<b>20,841</b>	10,855
Shareholders' equity		\$ <b>66,710</b>	\$ 72,073

\*EBITA – earnings from continuing operations before interest, income taxes, stock-based compensation, amortization of capital and intangible assets

### For further information on Cash Store Financial, please contact:

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or

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*This News Release contains "forward-looking information" within the meaning of applicable Canadian and United States securities legislation. Forward-looking information includes, but is not limited to, information with respect to our objectives, strategies, operations and financial results, competition as well initiatives to grow revenue or reduce retention payments. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or state that certain actions, events or*

results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". In particular this News Release contains forward-looking statements in connection with the Cash Store Financials goals and strategic priorities, introduction of products, share repurchase initiatives and branch openings. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Cash Store Financial, to be materially different from those expressed or implied by such forward-looking information, including, but not limited to, changes in economic and political conditions, legislative or regulatory developments, technological developments, third-party arrangements, competition, litigation, risks associated with but not limited to, market conditions, and other factors described in our Annual Information Form ("AIF") dated August 26, 2009 under the heading "Risk Factors". All material assumptions used in making forward-looking statements are based on management's knowledge of current business conditions and expectations of future business conditions and trends, including our knowledge of the current credit, interest rate and liquidity conditions affecting us and the Canadian economy. Although we believe the assumptions used to make such statements are reasonable at this time and have attempted to identify in our continuous disclosure documents important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Certain material factors or assumptions are applied by us in making forward-looking statements, include without limitation, factors and assumptions regarding our continued ability to fund our payday loan business, rates of customer defaults, relationships with, and payments to, third party lenders, demand for our products, as well as our operating cost structure and current consumer protection regulations. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. We do not undertake to update any forward-looking information, except in accordance with applicable securities laws.