

MTY FOOD GROUP INC.
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NEWS RELEASE

MTY REPORTS RESULTS FOR THE THIRD QUARTER OF ITS 2017 FISCAL PERIOD

Montreal, October 10, 2017 - MTY Food Group Inc. ("MTY" or the "Company") (TSX: MTY), franchisor and operator of multiple concepts of restaurants, reports today the results of its operations for the third quarter of its 2017 fiscal year.

Highlights of the third quarter of 2017:

ACQUISITIONS

On June 9, 2017, the Company announced it had completed the acquisition of the assets of The Works Gourmet Burger Bistro. The purchase price was \$8.2 million of which \$7.1 million was settled in cash. At closing, there were 27 locations in operation, all of them located in Canada.

On June 16, 2017, the Company announced it had completed the acquisition of the assets of Houston Avenue Bar & Grill ("Houston") and Industria Pizzeria + Bar ("Industria") through a 80%-owned subsidiary. The total purchase price was \$21.0 million of which \$12.8 million was settled in cash. At closing nine Houston and three Industria were in operation. All locations are located in Canada.

Both acquisitions were made to further diversify the Company's range of offerings in casual dining.

At the end of the quarter, MTY's network had 5,487 locations in operations, of which 74 were corporate and 5,413 were franchised. The geographical split of MTY's locations remained steady with 47% in the United States, 44% in Canada and 9% abroad.

NETWORK SALES

- The system sales for the third quarter grew by 54% in comparison to the same period last year to reach \$634.9 million. Most of the increase was attributable to the acquisitions realized in the second half of 2016.
- Same store sales for the quarter grew by 0.7% over the same period last year. Same store sales for Canadian and International locations increased by 1.5% and 1.3% respectively, while those of U.S. locations decreased by 1.8%.
- For Canadian locations, all three months reported positive numbers mainly owing to the strong performance of Quebec and British Columbia; Alberta has seen a minor directional improvement despite still facing severe headwinds, while Saskatchewan, which was already facing the same headwinds, was also affected adversely by the introduction of the new meal tax in which seemed to deter customers.
- In the United States, the network's two largest markets, the states of California and Florida were both down during the quarter, while the next three largest markets, the states of Illinois, Texas and Washington were all positive.
- Year to date, same store sales have declined 0.9%. Excluding the impact of the leap year in 2016, the year to date decline would be approximately 0.6%.

EBITDA AND NET INCOME

- EBITDA for the quarter was \$26.7 million, a growth of 49% when compared to the same period last year. The growth in EBITDA predominantly came from the U.S. operations.
- Canadian operations represented 51% of the total EBITDA earned (74% in prior year) while US and International operations were 49% of the current quarters EBITDA (25% in prior year).
- Net income attributable to owners for the quarter decreased by \$1.4 million, to \$15.1 million or \$0.71 per share (\$0.71 per diluted share) when compared to \$16.5 million or \$0.82 per share (\$0.82 per diluted share) for the same period last year. The decrease is mainly due to a non-recurring \$8.0 million gain on a foreign exchange derivative recorded during the third quarter of 2016, which more than offset the impact of a full quarter of Kahala Brands Ltd. in 2017.

LIQUIDITY AND CAPITAL RESOURCES

- At the end of the quarter, the Company had \$40.9 million of cash on hand, and a long-term debt of \$227.9 million in the form of holdbacks on acquisition and a bank facility. Factoring in the \$11.3 million of holdbacks payable had been presented as income taxes payable, total net debt is currently \$198.3 million
- Excluding the variation in non-cash working capital items, income taxes and interest paid, operations generated \$29.0 million in cash flows during the third quarter, compared to \$20.6 million in 2016, an increase of 41% compared to the same period last year.

(in thousands of \$, except per share information)

	Three-month period ended August 31			Nine-month period ended August 31		
	2017	2016	Variance	2017	2016	Variance
Revenues	73,605	52,886	39%	213,900	123,568	73%
Operating expenses	46,882	34,933	34%	140,125	80,689	74%
EBITDA	26,723	17,953	49%	73,775	42,879	72%
Amortization and depreciation charges	6,116	3,079	99%	18,940	7,043	169%
Interest on long-term debt	2,699	958	182%	7,844	1,061	643%
Foreign exchange gains (loss)	1,745	(687)	n/a	2,364	(729)	n/a
Other income and charges, including interest	482	7,925	(94%)	1,445	9,641	(85%)
Income before taxes	20,135	21,154	(5%)	50,800	43,687	16%
Net income attributable to shareholders	15,084	16,519	(9%)	36,731	32,781	12%
Basic and diluted EPS	\$0.71	\$0.82		\$1.72	\$1.69	

Note: These are financial highlights only. Management's Discussion and Analysis, the condensed interim consolidated financial statements and notes thereto for the quarter ended August 31, 2017 are available on the SEDAR website at www.sedar.com and on the Company's website at www.mtygroup.com.

Certain information in this News Release may constitute "forward-looking" information that involves known and unknown risks, uncertainties, future expectations 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 information. When used in this News Release, this information may include words such as "anticipate", "estimate", "may", "will", "expect", "believe", "plan" and other terminology. This information reflects current expectations regarding future events and operating performance and speaks only as of the date of this News Release. Except as required by law, we assume no obligation to update or revise forward-looking information to reflect new events or circumstances. Additional information is available in the Company's Management Discussion and Analysis, which can be found on SEDAR at www.sedar.com.

On Behalf of the Board of Directors of
MTY Food Group Inc.

Stanley Ma, Chairman, President & CEO

For more information please contact Eric Lefebvre, Chief Financial Officer at 1-514-336-8885 or by email at ir@mtygroup.com, or visit our website: www.mtygroup.com or SEDAR's website at www.sedar.com under the Company's name.