

MTY FOOD GROUP INC.
8150 route Transcanadienne, Suite 200
St-Laurent, Quebec, H4S 1M5

October 12, 2016

TSX Trading Symbol: "MTY"

NEWS RELEASE

MTY REPORTS RECORD RESULTS FOR THE THIRD QUARTER OF ITS 2016 FISCAL PERIOD

Montreal, October 12, 2016 - 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 2016 fiscal year.

Highlights of the third quarter of 2016:

- On July 25th, 2016, the Company completed the acquisition of Kahala Brands Ltd. for an estimated total consideration of \$389 million.
- The system sales for the quarter, which benefited from 37 days of sales for the Kahala restaurants, grew by 50% to reach \$412.2 million. System sales for the first nine months of 2016 were \$948.9 million.
- EBITDA was \$18.0 million, a growth of 35% compared to the third quarter of 2015. Approximately two thirds of the growth were generated by US operations. The franchising, corporate restaurant operation and food processing all contributed to the increase in EBITDA.
- Net income attributable to owners increased from \$8.2 million (\$0.43 per share) in 2015 to \$16.5 million (\$0.82 per share) in 2016. A large part of the increase is attributable to a one-time gain of \$8.0 million generated on the settlement of a derivative contract on foreign exchange rates, while one-time acquisition costs of approximately \$1.0 million are included in operating expenses.
- At the end of the quarter, the company had \$43.5 million of cash on hand, and a long-term debt of \$238.4 million in the form of holdbacks on acquisition and bank facilities, for a net debt of \$194.9 million.
- Same store sales for the quarter were down by 1.0%, with continuing difficult economic conditions prevailing in Alberta and Saskatchewan. This information excludes the performance of the Kahala network; during the last 3 months, Kahala has had a positive same store sales growth of 2.0%.
- At the end of the quarter, MTY's network had 5,534 locations in operations, of which 77 were corporate and 5,457 franchised. Following the acquisition of Kahala, 46% of MTY's locations are in the United States, 45% are in Canada and 9% are abroad.

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

	Three-month period ended			Nine-month period ended		
	August 31, 2016	August 31, 2015	Variance	August 31, 2016	August 31, 2015	Variance
Revenues	52,886	35,003	51%	123,568	105,722	17%
Operating Expenses	34,933	21,663	61%	80,689	68,515	18%
EBITDA	17,953	13,340	35%	42,879	37,207	15%
Amortization and depreciation charges	3,079	2,087	48%	7,043	6,255	13%
Interest on long-term debt	958	108	787%	1,061	341	211%
Other income and charges	7,238	278		8,912	1,146	
Income before taxes	21,154	11,423	85%	43,687	31,757	38%
Net income attributable to shareholders	16,519	8,176	102%	32,781	22,896	43%
Basic and diluted EPS	0.82	0.43		1.69	1.20	
Locations in operation				5,534	2,740	
System sales	412,246	274,653	50%	948,933	790,890	20%
Same store sales	-1.0%	-1.6%		-0.2%	-0.3%	

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, 2016 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.