

MTY FOOD GROUP INC.
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TSX Trading Symbol: "MTY"

NEWS RELEASE

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

Montreal, July 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 second quarter of its 2017 fiscal year.

Highlights of the second quarter of 2017:

ACQUISITIONS

On May 8, 2017, the Company announced it had completed through its 83.25% controlling interest in 10179612 Canada Inc., the acquisition of the assets of Steak Frites St-Paul and Giorgio Ristorante. Total consideration for the transaction was \$0.4 million. At closing Steak Frites St-Paul and Giorgio Ristorante operated 15 franchised stores in Canada.

At the end of the quarter, MTY's network had 5,494 locations in operations, of which 66 were corporate and 5,428 were franchised. The geographical split of MTY's locations remained steady with 48% in the United States, 43% in Canada and 9% abroad.

NETWORK SALES

- The system sales for the second quarter more than doubled over the same period last year, reaching \$603.5 million. Most of the increase was attributable to the acquisitions realized in the second half of 2016.
- Same store sales for the quarter were down by 1.7%, over the same period last year. The months of March and May showed positive same store sales while April proved to be exceptionally difficult across all provinces. The April decline was mostly felt in Ontario and Quebec due to record rainfalls, floods and cooler than normal temperatures. Year to date, the decline is 2.0% (1.5% excluding the impact of the leap year).
- British Columbia and Quebec were both showing positive trends in the second quarter despite the temporary decline experienced in April, while Alberta and Saskatchewan continue to face severe headwinds.
- The same store sales analysis excludes the performance of the Kahala and BFAH networks; during the last 3 months, stores acquired in the Kahala transaction have generated a negative same store sales growth of 1.4% and a decline of 1.6% for the first half of 2017. Excluding the impact of the leap year, the decline would have been approximately 1.1%.

EBITDA AND NET INCOME

- EBITDA for the second quarter was \$26.6 million, a growth of 107% when compared to the same period last year. All of the growth in EBITDA came from the US operations.
- Canadian operations represented 43% of the total EBITDA earned for the (91% in prior year) while US and International operations were 57% of the current quarters EBITDA (9% in prior year).
- Net income attributable to owners more than doubled from \$8.3 million (\$0.44 per share and \$0.44 per diluted share) in the second quarter of 2016 to \$17.1 million (\$0.80 per share and \$0.80 per diluted share) in the second quarter of 2017. A large part of the increase is attributable to a non-recurring foreign exchange gain

of \$6.8 million recorded on the revaluation of a loan with one of MTY's foreign subsidiaries. This revaluation had a net impact of \$0.31 on earnings per share.

- Normalized net income increased 24%, from \$8.3 million (\$0.44 per shares) in the second quarter of 2016 to \$10.3 million (\$0.48 per share) in the second quarter of 2017.

LIQUIDITY AND CAPITAL RESOURCES

- At the end of the quarter, the company had \$65.0 million of cash on hand, and a long-term debt of \$243.8 million in the form of holdbacks on acquisition and bank facilities. Factoring in the \$12.1 million of holdbacks payable had been presented as income taxes payable, total net debt is currently \$190.9 million.
- Excluding the variation in non-cash working capital items, income taxes and interest paid, operations generated \$50.8 million in cash flows, compared to \$26.4 million in 2016, which represents an increase of 93% compared to the same period last year.

	Three-month period ended May 31			Six-month period ended May 31		
	2017	2016	Variance	2017	2016	Variance
Revenues	72,063	35,362	104%	140,295	70,682	98%
Operating expenses	45,462	22,542	102%	93,243	45,756	104%
EBITDA	26,601	12,820	107%	47,052	24,926	89%
Amortization and depreciation charges	6,284	1,971	219%	12,824	3,964	224%
Interest on long-term debt	2,444	42	5,719%	5,145	103	4,895%
Foreign exchange gains (loss)	5,984	(57)	n.a.	619	(42)	n.a.
Other income and charges, including interest	577	729	(21%)	963	1,716	(44%)
Income before taxes	24,434	11,479	113%	30,665	22,533	36%
Net income attributable to shareholders	17,130	8,335	105%	21,647	16,262	33%
Normalized net income attributable to shareholders	10,332	8,335	24%	20,433	16,262	26%
Basic and diluted EPS	0.80	0.44		1.01	0.85	
Normalized EPS	0.48	0.44		0.96	0.85	

Note: These are financial highlights only. Management's Discussion and Analysis, the condensed interim consolidated financial statements and notes thereto for the quarter ended May 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.