

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

NEWS RELEASE

MTY REPORTS RECORD RESULTS FOR ITS 2016 FISCAL PERIOD

Montreal, February 23, 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 its 2016 fiscal year.

Highlights of the fourth quarter and of the fiscal year:

ACQUISITIONS

MTY increased its presence in the US quick service restaurant market by finalizing two acquisitions; Kahala Brands Ltd. ("Kahala") and BF Acquisition Holdings LLC ("BFAH"). These acquisitions increased the number of restaurant concepts from 45 to 65 which will enable MTY to increase the concept offerings across North America and solidify its US presence.

- On July 25, 2016, the Company completed the acquisition of Kahala Brands Ltd. for an estimated total consideration of \$394.2 million.
- On October 5, 2016, the Company completed the acquisition of BF Acquisition Holdings, LLC, for a total consideration of \$35.4 million.

In addition to its US expansion on September 29, 2016, the Company acquired the interest of the non-controlling shareholders of one of its subsidiaries (9410198 Canada Inc., doing business as Big Smoke Burger) for \$1.2 million. Following this transaction, the Company has 100% ownership of this subsidiary.

At the end of the year, MTY's network had 5,681 locations in operations, of which 82 were corporate and 5,599 franchised. Following the acquisition of Kahala and BFAH, 48% of MTY's locations are in the United States, 43% are in Canada and 9% are abroad.

NETWORK SALES

- The system sales for the year grew by 39% to reach \$1.48 billion. Of the increase in system sales, \$395 million was due to acquisitions completed during 2016 and \$18 million resulted from the annualization of acquisitions completed during 2015.
- Same store sales for the quarter were down by 1.2%, with continuing difficult economic conditions prevailing in Alberta and Saskatchewan. For the year, same store sales have declined 0.4%. This information excludes the performance of the Kahala and BFAH networks; during the last 3 months, Kahala has had a positive same store sales growth of 1.0%.

EBITDA AND NET INCOME

- EBITDA was \$70.7million, a growth of 40% compared to the fiscal year of 2015. Approximately 76% of the growth in EBITDA came from the expansion of our US operations.
- Canadian operations represented 75% of the total EBITDA earned (95% in prior year) while US and International operations were 25% of the current years EBITDA (5% in prior year).
- Net income attributable to owners increased from \$26.0 million (\$1.36 per share) in 2015 to \$57.4 million (\$2.88 per share) in 2016. A large part of the increase is attributable to non-recurring gains, totaling \$14.0 million, recorded during 2016 and to a \$8.1 million impairment charges recorded during 2015.
- Normalized net income increased 38%, from \$31.9 million (\$1.67 per shares) in 2015 to \$44.2 million (\$2.22) in 2016.
- During 2016, the company also recorded an unrealized foreign exchange of \$3.2 million, compared to a gain of \$0.1 million in 2015.

LIQUIDITY AND CAPITAL RESOURCES

- At the end of the year, the company had \$36.3 million of cash on hand, and a long-term debt of \$253.7 million in the form of holdbacks on acquisition and bank facilities. \$12.1 million of holdbacks payable had been presented as income taxes payable. As a result, total net debt is currently \$229.5 million.

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

	3-month period ended			12-month period ended		
	November 30, 2016	November 30, 2015	Variance	November 30, 2016	November 30, 2015	Variance
Revenues	72,814	39,481	84%	196,382	145,203	35%
Operating expenses	44,960	26,006	73%	125,650	94,521	33%
EBITDA	27,853	13,475	107%	70,732	50,682	40%
Impairment charge	--	7,892		--	8,093	
Non-reoccurring other income	5,979	--		14,000	---	
Unrealized foreign exchange gains	3,927	92		3,198	64	
Interest on long-term debt	2,794	95		3,855	436	
Income before taxes	29,890	4,146	621%	73,577	35,903	105%
Net income attributable to shareholders	24,614	3,119	689%	57,395	26,015	121%
Normalized net income attributable to shareholders	19,263	8,889	117%	44,224	31,931	38%
Basic and diluted EPS	1.15	0.16		2.88	1.36	
Normalized EPS	0.90	0.46		2.22	1.66	

Note: These are financial highlights only. Management's Discussion and Analysis, the consolidated financial statements and notes thereto for the year ended November 30, 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.