

MTY FOOD GROUP INC.
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TSX Trading Symbol:

“MTY”

NEWS RELEASE

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

Montreal, April 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 first quarter of its 2017 fiscal year.

Highlights of the first quarter of 2017:

ACQUISITIONS

On December 9, 2016, the Company completed the acquisition of 60% of the assets of 9974644 Canada Inc. (La Diperie) for a total consideration of \$0.9 million. At closing La Diperie operated 5 stores in Canada.

LOCATION COUNT

At the end of the quarter, MTY’s network had 5,527 locations in operations, of which 76 were corporate and 5,451 were franchised. Since November 30, 2016, the geographical split of MTY’s locations remained steady with 48% in the United States, 42% in Canada and 10% abroad.

NETWORK SALES

- The system sales for the quarter grew by 98% to reach \$519.2 million. Of the increase in system sales, \$255.8 million was due to acquisitions completed during 2016.
- Same store sales for the quarter were down by 2.1%, over the same period last year. The estimated impact of the leap year in 2016 is approximately 1.1%. Excluding the impact of the leap year, same store sales would have been approximately -1.0%. The decline is caused by the severe headwinds that continue to impact the Saskatchewan and Alberta markets.
- Factoring out the leap year, British Columbia, Quebec and Ontario would all have reported marginally positive same store sales growth.
- 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 growth of 1.8%; excluding the impact of the leap year, the decline would have been approximately 0.6%, suffering from the impact of an extremely weak month of December.

EBITDA AND NET INCOME

- EBITDA was \$20.5 million, a growth of 69% when compared to the same period last year. All of the growth in EBITDA came from the US and International operations.
- Canadian operations represented 57% of the total EBITDA earned (97% in prior year) while US and International operations were 43% of the current quarters EBITDA (3% in prior year).

- Net income attributable to owners decreased from \$7.9 million (\$0.41 per diluted share) in the first quarter of 2016 to \$4.5 million (\$0.21 per diluted share) in the first quarter of 2017.
- The decrease is attributable to a foreign exchange loss of \$5.6 million (\$4.8 million net of tax) recorded on the revaluation of a loan with one of MTY's foreign subsidiaries. On a normalized basis, net income attributable to owners would have been \$9.4 million (\$0.44 per share and \$0.44 per diluted share).

LIQUIDITY AND CAPITAL RESOURCES

- The cash flows provided by operating activities grew by 84%, to reach \$16.8 million.
- At the end of the quarter, the company had \$41.8 million of cash on hand, and a long-term debt of \$246.1 million in the form of holdbacks on acquisition and bank facilities.

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

	3-month period ended		
	February 28, 2017	February 29, 2016	Variance
Revenues	68,232	35,320	93%
Operating expenses	47,781	23,214	106%
EBITDA	20,451	12,106	69%
Amortization and depreciation charges	(6,540)	(1,993)	228%
Interest on long-term debt	(2,701)	(61)	
Foreign exchange gains (loss)	(5,365)	15	
Other income and chargers , including interest	386	987	(61%)
Income before taxes	6,231	11,054	(44%)
Net income attributable to shareholders	4,517	7,927	(43%)
Normalized net income attributable to shareholders	9,355	7,927	18%
Basic and diluted earnings per share	0.21	0.41	
Normalized earnings per share	0.44	0.41	

Note: These are financial highlights only. Management's Discussion and Analysis, the condensed interim consolidated financial statements and notes thereto for the quarter ended February 28, 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.