



Source: MTY Food Group Inc.

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**PRESS RELEASE
FOR IMMEDIATE RELEASE**

MTY REPORTS FIRST QUARTER RESULTS

Note that effective December 1, 2018, the Company implemented IFRS 15, Revenue from contracts with customers. Comparative figures provided for each quarter of the year ended November 30, 2018 have been restated to reflect the adoption of this accounting standard. Please refer to the section Changes in accounting policies in the Management's Discussion and Analysis for further details.

- **System sales of \$687.8 million, up 27% compared to Q1-18**
- **EBITDA of \$28.4 million, up 47% compared to Q1-18**
- **Cash flows from operating activities of \$26.8 million during the quarter**
- **At the end of the quarter, the network had 5,941 locations in operation**
- **Net income attributable to shareholders for Q1-19 of \$14.7 million or \$0.59 per share**
- **Acquired most of the assets of Casa Grecque on December 10, 2018**
- **Announced the increase of its quarterly dividend by 10% on January 21, 2019**

Montreal, April 11, 2019 - MTY Food Group Inc. ("MTY" or the "Company") (TSX: MTY), franchisor and operator of multiple concepts of restaurants, reported today its results for the first quarter ended February 28, 2019.

"We are very pleased with our first quarter results considering it is the seasonally softest quarter of the year. Our EBITDA was up 47% year-over-year, driven by acquisitions as well as organic growth, despite ongoing challenging weather conditions in the U.S., particularly on the West Coast. Furthermore, our cash flow from operating activities doubled year-over-year to \$26.8 million continuing their strong growth momentum. We continued to grow through acquisitions by closing one transaction in the quarter and another in March. We also increased our dividend by 10% in January, showing our confidence in our future cash-flow generating capabilities," said Eric Lefebvre, Chief Executive Officer of MTY.

"For fiscal 2019, we expect ongoing competition and increased volatility in earnings, driven by unpredictable weather conditions and the variations in the price of commodities and currencies. Looking forward, we will continue to focus on our strategy to maximize shareholder value by integrating recent acquisitions, adding new locations of our existing brands and seeking potential acquisitions to increase market share."

Financial Highlights (in thousands of \$, except per share information and margin)	Q1-19	Q1-18 (restated for IFRS 15)
System Sales ⁽¹⁾	687,800	541,500
Revenues	107,297	75,489
EBITDA ⁽¹⁾	28,376	19,368
EBITDA margin (%) ⁽¹⁾	26.4%	25.7%
Franchising EBITDA margin (%)	47.1%	43.3%
Income before taxes	19,186	11,341
Net income attributable to shareholders	14,748	44,276
Cash flows from operations	26,757	13,703
EPS basic	0.59	2.07
EPS diluted	0.58	2.07
Normalized basic EPS	0.59	0.41

(1) This is a non-IFRS measure. Please refer to the "Non-IFRS Measures" section at the end of this press release.

FIRST QUARTER RESULTS

Network:

- At the end of the period, MTY's network had 5,941 locations in operation, of which 82 were corporate and 5,859 were franchised. The geographical split of MTY's locations remained steady with 46% in the United States, 45% in Canada and 9% international.
- System sales were up 27% compared to the corresponding period in 2018, reaching \$687.8 million. The growth is primarily attributable to recent acquisitions.
- Same store sales were down 1.4% compared to the same period last year. Canadian same-store sales were up marginally, making this the sixth consecutive quarter of positive growth. Ontario continues to show positive same store sales growth. British Columbia also continues on the momentum gained last year and posted positive results of over 8%. Alberta had a fourth consecutive positive same store sales quarter, while Saskatchewan saw a turnaround and gained momentum in 2019 with a slightly positive quarter. Same-store sales in the United States saw a decline as a result of the impact of adverse weather on our frozen treats segment. The West Coast, which represents 47% of total US system sales, suffered from extreme colds which resulted in a 4% decline. California saw the biggest drop in same store sales with over 5% year-over-year sales drop. This drop was partially offset by improvements in same store sales on the East Coast.
- Same store sales for Imvescor restaurants, which are not included in the consolidated same store sales, have grown by 0.2% in the first quarter, led by Ben & Florentine and Mikes.

MTY Results:

- The Company's revenue increased 42%, from \$75.5 million to \$107.3 million, mainly driven by the acquisitions of Imvescor Restaurant Group and Casa Grecque.
- Cost of sales and other operating expenses increased 41%, from \$56.1 million to \$78.9 million, mainly driven by acquisitions and an increase in wages, partially offset by a decrease in professional fees, lease termination costs, rent and royalties paid to master franchisees. As a percentage of sales, cost of sales and other operating expenses decreased from 74.3% to 73.6%.
- EBITDA increased 47% to \$28.4 million, or 26.4% of sales, as compared to \$19.4 million, or 25.7% of sales for the same period last year.

- Net income attributable to shareholders decreased to \$14.7 million, or \$0.59 per share (\$0.58 per diluted share), when compared to \$44.3 million, or \$2.07 per share (\$2.07 per diluted share), for the same period last year. The results were impacted unfavorably by an adjustment in the prospective income tax rate for the U.S. used to calculate the deferred income taxes in the first quarter of 2018. Excluding the impact of this non-recurring adjustment, net income attributable to owners would have been \$8.8 million in 2018, or \$0.41 per share (\$0.41 per diluted share).

LIQUIDITY AND CAPITAL RESOURCES

- In the first quarter of 2019, cash flows generated by operating activities were \$26.8 million, compared to \$13.7 million for the same period in 2018. Excluding the variation in non-cash working capital items, income taxes and interest paid, operations generated \$28.7 million in cash flows in the first quarter of 2019, up 46% compared to \$19.6 million for the corresponding period in 2018, mostly due to the increase in EBITDA.
- As at February 28, 2019, the Company had \$40.4 million of cash on hand, and a long-term debt of \$284.6 million in the form of holdbacks on acquisition and bank facilities.
- On January 21, 2019, the Company approved an increase of its quarterly dividend of 10% to \$0.165 per common share.

ACQUISITION

On December 10, 2018, the Company completed its acquisition of most of the assets of Casa Grecque for a total consideration of \$22.0 million, of which \$20.9 million was financed from MTY's cash on hand and existing credit facilities, while \$0.2 million in net liabilities was assumed and \$1.3 million was held back.

SUBSEQUENT EVENT

On March 21, 2019, the Company announced that one of its wholly-owned subsidiaries has acquired most of the assets of South Street Burger for a total consideration of approximately \$5.1 million. A total of approximately \$4.1 million was paid on closing, financed from MTY's cash on hand and existing credit facilities, while \$0.2 million in net liabilities was assumed and \$0.8 million was held back. As at April 10, 2019, a preliminary purchase price allocation has not yet been completed.

CONFERENCE CALL

MTY Group will hold a conference call to discuss these results on April 11, 2019, at 8:30 AM Eastern Time. Interested parties can join the call by dialing 1-647-788-4922 (Toronto or overseas) or 1-877-223-4471 (elsewhere in North America). Parties unable to call in at this time may access a recording by calling 1-800-585-8367 and entering the passcode 1483329. This recording will be available on Thursday, April 11, 2019 as of 11:30 AM Eastern Time until 11:59 PM Eastern Time on Thursday, April 18, 2019.

ABOUT MTY FOOD GROUP INC.

MTY Group franchises and operates quick-service and casual dining restaurants under approximately 75 different banners in Canada, the United States and internationally. Based in Montreal, MTY is a family whose heart beats to the rhythm of its brands, the very soul of its multi-branded strategy. For over 35 years, it has been increasing its presence by delivering new concepts in quick-service restaurants and making acquisitions and strategic alliances that have

allowed it to reach new heights year after year. By combining new trends with operational know-how, the brands forming the MTY Group now touch the lives of millions of people every year. With approximately 5,900 locations, the many flavours of the MTY Group have the key to responding to the different tastes and needs of consumers today and tomorrow.

NON-IFRS FINANCIAL MEASURES

EBITDA (earnings before interest, taxes, depreciation and amortization), same-store sales growth, system sales, operating cash flow before variation in non-cash working capital items, income taxes and interest paid are widely accepted financial indicators but are not a measurement determined in accordance with International Financial Reporting Standards ("IFRS") and may not be comparable to those presented by other companies. The Company uses these measures to evaluate the performance of the business as they reflect its ongoing operations. Refer to the section "Compliance with International Financial Reporting Standards" in the Company's MD&A.

FORWARD-LOOKING STATEMENTS

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.

Note to readers: Management's Discussion and Analysis, the consolidated financial statements and notes thereto for the first quarter ended February 28, 2019 are available on the SEDAR website at www.sedar.com and on the Company's website at www.mtygroup.com.