



Source: MTY Food Group Inc.

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PRESS RELEASE
FOR IMMEDIATE RELEASE

MTY REPORTS 2019 FOURTH QUARTER AND ANNUAL RESULTS

- EBITDA for Q4-19 increased 30% to reach \$43.0 million; EBITDA for 2019 up 18% to \$147.4 million
- Free cash flows for Q4-19 of \$43.6 million, up 59% compared to Q4-18; for 2019 free cash flows were \$116.9 million, up 26% compared to 2018
- Net income attributable to shareholders for Q4-19 increased 56% to \$20.7 million or \$0.83 per share
- Consolidated same store sales growth of +1.5% in Q4-19; Canada, USA and International were respectively +1.5%, +2.7% and -7.6%
- System sales of \$1,023.5 million in Q4-19, up 45% from Q4-18; system sales of \$3,619.8 million in 2019, up 30% from 2018
- Announced on January 20, 2020 an increase in the quarterly dividend of 12% to \$0.185
- Repurchased and cancelled 98,543 shares for a total consideration of \$5.2 million in Q4-19
- On December 3, 2019 completed the acquisition of a 70% interest in Turtle Jack's Muskoka Grill, COOP Wicked Chicken and Frat's Cucina
- The Board of Directors, through its Audit Committee, reviewed the allegations made against the Company and was able to confirm that our positions and judgments were reasonable and as such there was no impact on the results or financial statements

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.

Montreal, February 24, 2020 - MTY Food Group Inc. ("MTY" or the "Company") (TSX: MTY), one of the largest franchisors and operator of multiple concepts of restaurants in North America, reported today its results for the fourth quarter and year ended November 30, 2019.

"We finished the year on a high note propelled by the five acquisitions we completed during the year leading us to revenues that are now almost evenly split between Canada and the U.S. Fourth quarter results demonstrated positive same store sales, organic growth in system sales, solid growth in the franchise and retails segments, organic growth in EBITDA and significant free cash flow growth, both on an absolute and on a per share basis. In the quarter, we bought back shares for \$5.2 million and announced an increase of 12% of our dividend in early January, demonstrating our confidence in our ability to continue to generate solid free cash flow in the future," said Eric Lefebvre, Chief Executive Officer of MTY.

"Fiscal 2019 was a milestone year for MTY as we delivered record-breaking results on several key metrics. System sales surpassed the \$3.0 billion mark for the first time in our history, ending the year with positive same store sales growth for the first time since 2012. We almost doubled our retail, food processing and distribution segment, driven by

acquisitions and organic growth and our cash flow from operations reached \$113.0 million, or \$4.48 per diluted share, up from \$97.9 million or \$4.03 per diluted share in 2018.

“For fiscal 2020, we will continue to focus on producing positive same store sales, optimizing processes and practices and enhancing the customer experience through innovation, quality of food and customer service. We will continue to focus on shareholder value by continuing our efforts to generate organic growth from our existing concepts, seeking potential acquisitions to increase our market share, returning cash to shareholders through dividends and being opportunistic with share buybacks,” concluded Mr. Lefebvre.

“On February 14, 2020, we announced that as a result of certain allegations made by an active employee of MTY, the publication of our fourth quarter results would be postponed. Given the timing of the allegations, it was decided by the Board of Directors to be prudent and take the additional time available to compile and review the information. Although we cannot give details on the allegations, we can confirm that the allegations are baseless and the matters raised are all topics that MTY had evaluated and dealt with in the past. We were able to confirm that our positions and judgments were reasonable and as such had no impact on our results and financial statements,” stated Gary O’Connor, Chairman of the Audit Committee.

Financial Highlights	Q4-2019	Q4-2018	2019	2018
(in thousands of \$, except per share information and margin)		(restated for IFRS 15)		(restated for IFRS 15)
System Sales ⁽¹⁾	1,023,500	706,400	3,619,800	2,782,500
Revenues	150,004	116,488	550,942	412,346
EBITDA ⁽¹⁾	43,027	32,994	147,395	124,851
Normalized EBITDA ⁽¹⁾	43,027	33,062	151,662	126,571
Normalized EBITDA margin (%) ⁽¹⁾	28.7%	28.4%	27.5%	30.7%
Income before taxes	25,502	18,843	97,997	80,008
Net income attributable to shareholders	20,688	13,240	77,675	95,776
Cash flows from operations	37,897	30,514	112,951	97,880
Cash flows from operations per diluted share ⁽¹⁾	1.51	1.21	4.48	4.03
Free cash flows ⁽¹⁾	43,577	27,458	116,938	92,598
Normalized free cash flows ⁽¹⁾	43,577	27,526	121,205	94,318
EPS basic	0.83	0.53	3.09	3.95
EPS diluted	0.83	0.53	3.08	3.95
Normalized basic EPS ⁽¹⁾	0.83	0.53	3.27	2.54

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

FOURTH QUARTER RESULTS

Network:

- At the end of the period, MTY’s network had 7,373 locations in operation, of which 144 were corporate and 7,229 were franchised. The geographical split of MTY’s locations remained steady with the previous quarter with 55% in the United States, 38% in Canada and 7% international.
- System sales were up 45% compared to the same period in 2018, reaching \$1,023.5 million. The growth is primarily attributable to the recent Papa Murphy’s acquisition. Organic growth in system sales was \$10.6 million during the quarter.

- Same store sales increased by 1.5% compared to the same period last year. Canadian same-store sales were up 1.5%, making this the ninth consecutive quarter of positive growth. Same-store sales in the United States increased 2.7% and International locations experienced a decline of 7.6%.

Financial:

- The Company's revenue increased 29%, from \$116.5 million to \$150.0 million, mainly due to the contribution from acquisitions.
- EBITDA increased 30% to a record-setting \$43.0 million, or 28.7% of sales, as compared to \$33.0 million, or 28.4% of sales for the same period last year.
- Cash flows from operations increased 24.1% to reach \$37.9 million during the quarter.
- Net income attributable to shareholders increased to \$20.7 million, or \$0.83 per share (\$0.83 per diluted share), when compared to \$13.2 million, or \$0.53 per share (\$0.53 per diluted share), for the same period last year.

2019 RESULTS

Network:

- System sales were up 30% compared to 2018, reaching a historical-high of \$3,619.8 million. The growth is primarily attributable to recent Papa Murphy's acquisitions.
- The network generated a same store sales growth of 0.4%. Canadian sales grew by 1.1%, United States sales grew by 0.4%, while International sales declined 7.8%.

Financial:

- EBITDA increased 18% to a record-setting \$147.4 million, or 26.8% of sales, as compared to \$124.9 million, or 30.3% of sales for the same period last year.
- Normalized EBITDA increased 20% to \$151.7 million, or 27.5% of sales, as compared to \$126.6 million, or 30.7% of sales for the same period last year.
- Net income attributable to shareholders decreased to \$77.7 million, or \$3.09 per share (\$3.08 per diluted share), when compared to \$95.8 million, or \$3.95 per share (\$3.95 per diluted share), for the same period last year. Normalizing the impact of the changes in US tax regulations in 2018, earnings per share would have been \$2.54.

LIQUIDITY AND CAPITAL RESOURCES

- In 2019, cash flows generated by operating activities were \$113.0 million, compared to \$97.9 million for the same period in 2018. Excluding the variation in non-cash working capital items, income taxes and interest paid, operations generated \$149.2 million in cash flows in 2019, compared to \$126.1 million in 2018, mostly due to an increase in EBITDA.
- In 2019, the Company used its cash mainly to make acquisitions for \$332.1 million, pay dividends to its shareholders for \$16.7 million and repurchase and cancel shares for \$5.2 million.
- On September 23, 2019, the Company amended its credit agreement with a syndicate of lenders. Pursuant to this amendment the Company has an unsecured revolving credit facility with an authorized amount of

\$700.0 million. Maturity and pricing terms have changed in conjunction with this amendment, with the remaining terms mostly unchanged.

- As at November 30, 2019, the Company had \$50.7 million of cash on hand, and a long-term debt of \$540.7 million in the form of holdbacks on acquisition and bank facilities.

SUBSEQUENT EVENT

On December 3, 2019, one of the Company's wholly owned subsidiaries completed its acquisition of a 70% interest in Turtle's Jack's Muskoka Grill, COOP Wicked Chicken and Frat's Cucina (together "Tortoise Group"), three casual dining concepts operating in the province of Ontario, for a consideration of \$19.0 million. There are currently 19 franchised Turtle Jack's restaurants in operation. The two COOP Wicked Chicken and the Frat's Cucina restaurants are company-owned, both concepts being in their start-up period.

CONFERENCE CALL

MTY Group will hold a conference call to discuss these results on February 24, 2020, 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 1599384. This recording will be available on Monday, February 24, 2020 as of 11:30 AM Eastern Time until 11:59 PM Eastern Time on Monday, March 2, 2020.

ABOUT MTY FOOD GROUP INC.

MTY Group franchises and operates quick-service and casual dining restaurants under over 80 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 40 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 over 7,300 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 fourth quarter and year ended November 30, 2019 are available on the SEDAR website at www.sedar.com and on the Company's website at www.mtygroup.com.