News release via CNW Telbec, Montreal 514-878-2520

Attention Business/Financial Editors:
MTY FOOD GROUP INC. - THIRD QUARTER 2010 RESULTS

TSX Trading Symbol: "MTY"

MONTREAL, Oct. 5 /CNW Telbec/ - MTY Food Group Inc. ("MTY" or the "Company"), franchisor and operator of 1,614 quick service restaurants, announced today its results of operations for the quarter ended August 31, 2010. Net income for the quarter reached $4.2 million or $0.22 per share ($0.22 per fully diluted share), an increase of 23% compared to the third quarter of 2009 of $3.4 million or $0.18 per share ($0.18 per diluted share). The increase for the quarter is mainly attributed to strong initial franchise fees and royalties generated by outlets opened in the last twelve months.

Total revenue grew 7% to $15.9 million in the third quarter of 2010. During the same period, franchise locations generated revenues of $14.0 million, 17% higher than the $12.0 million generated last year. Increases in initial franchise fees, strong sales to franchisees and generic growth in royalties account for most of the increase. Revenue from corporate-owned locations decreased 31% to $2.0 million for the quarter compared to $2.9 million last year. There are currently 16 corporate stores in operations, compared to 25 at the end of the third quarter last year.

MTY generated $7.0 million in EBITDA during the third quarter, an increase of 18% over the $5.9 million recorded during the same period last year. EBITDA from franchise locations increased from $5.6 million in 2009 to $6.7 million in 2010 due to higher initial franchise fees earned and to royalties generated by outlets opened in the last twelve months.

EBITDA from franchise locations as a percentage of revenue remained stable at 47% as strong initial franchises fees and royalties offset a higher proportion of revenues coming from the delivery of turnkeys and higher product and service sales to franchisees, which typically generate lower profit margins. Despite a lower number of outlets, EBITDA from corporate-owned locations increased from $0.3 million to $0.4 million as a result of strong performance from the remaining stores.

For the first nine months of 2010, net income was $11.0 million or $0.57 per share ($0.57 per diluted share), an increase of 29% compared to $8.5 million or $0.44 per share ($0.44 per diluted share) for the first nine months of 2009.

During the same period, EBITDA totaled $19.0 million, an increase of 25% over the $15.2 million reported in the first nine months of 2009. The increase in net income and EBITDA is due to growth by stores opened in the last twelve months and by the favorable impact of the Country Style acquisition. Of the $19.0 million in EBITDA realized in 2010, franchise locations accounted for $18.0 million, an increase of 23% over last year, and corporate owned locations accounted for $1.0 million, an increase of 69% over the same period last year.

EBITDA as a percentage of revenue decreased to 40% during the first nine months of 2010 compared to 42% for the same period last year. The variance comes from decreases in margins from franchise locations, which decreased from 50% in the first nine months of 2009 to 44% in 2010, mainly due to higher product and service sales to franchisees and higher volume of turnkeys delivered in 2010.

Total revenue for the nine months ended August 31, 2010 totaled $47.5 million, an increase of 32% over the $36.1 million for the same period last year. Revenue from franchise locations grew 43% to $41.4 million from $28.9 million in 2009. The increase in revenue is attributable to the Country Style acquisition, turnkey revenues, and initial franchisee fees and royalties generated by additional locations opened during the first nine months of 2010. Revenue from corporate-owned locations decreased 15% to $6.1 million, mainly due to the reduced number of corporate-owned locations in operation for the first nine months of 2010.

132 new locations were added for the first nine months of 2010, while 88 existing locations were closed, representing a net addition of 44 locations.

This compares to a net addition of 511 outlets in the first nine months of 2009, of which 480 were the result of the Country Style acquisition.

Of the 88 locations closed, 49 were the result of a transaction between two petroleum retailers in which non-traditional stores are being replaced by one of the retailers' own outlets. Losses in relation to this transaction are expected to continue into the fourth quarter of 2010, with expected net losses of approximately 60 non-traditional outlets for the year.

System wide sales for the third quarter of 2010 reached $120.1 million, up 6% compared to the same period last year. The increase is mainly driven by sales from new outlets opened in the last twelve months. For the first nine months of 2010, system wide sales were $338.5 million, representing an increase of 18% over the first three quarters of 2009.

Same store sales declined by 0.24% and 0.84% for this quarter and for the first nine months of 2010, respectively. Although same store sales are down, the results are the best for the Company since the first quarter of 2009 and may indicate a slow reversal to the current trend.

As of August 31, 2010 the Company had $31.7 million in cash and highly liquid temporary investments, an increase of $15.8 million over the $15.9 million held at the end of the 2009 fiscal year. Cash flows from operations were $16.3 million during the first nine months of 2010, compared to $11.1 million for the same period last year.

Subsequent to the end of the third quarter, MTY completed the acquisition of Groupe Valentine Inc. including seven real estate properties owned by an affiliated corporation. The acquisition of Group Valentine brought the Company's total stores in operation to over 1,700 outlets.

For 2010, MTY has already realized its objective of opening 75 new locations and will continue to pursue the growth of its existing concepts. Management also remains committed in seeking potential acquisitions to further strengthen its market position.

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. Additional information is available in the Company's Management Discussion and Analysis, which can be found on SEDAR at www.sedar.com.

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On Behalf of the Board of Directors of
MTY Food Group Inc.

Stanley Ma, Chairman, President & CEO
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