

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

NEWS RELEASE

MTY FOOD GROUP REPORTS RECORD EARNINGS FOR ITS 2010 FISCAL YEAR

MTY Food Group Inc. (MTY), franchisor and operator of over 1,700 quick service restaurants today reports today results for its fourth quarter and fiscal year ending November 30, 2010.

The following are some highlights from the 2010 fiscal year;

- Acquisition of Groupe Valentine Inc. and of its 95 outlets and 7 real estate properties;
- Quarterly dividend policy was established and first dividend was declared;
- Number of locations at year end total 1,727 up from 1,570 a year earlier;
- Revenues reached \$66.9 million, up 30% over the \$51.5 million generated during 2009;
- EBITDA rose by 21% to \$26.4 million from \$21.7 million;
- Net income increased by 26% to \$15.4 million or \$0.81 per share from \$12.3 million or \$0.64 per share;
- Operations have generated cash flows of over \$21.8 million during 2010 compared to \$16.1 million in 2009.
- Despite disbursements of \$7.4 million to acquire Groupe Valentine and \$0.9 million for the first dividend, liquidities at year-end remained very strong with \$29 million in cash and temporary investments;
- System wide sales reached \$461.9 million, up 18% from the \$393.1 million generated during 2009; and
- Same store sales increased 2.03% during the fourth quarter of 2010, recording the Company's first positive growth quarter since the first quarter of 2009 bringing the 2010 fiscal year same store sales to a slight decrease of 0.34%.

Results of operations for the fiscal year ended November 30, 2010

MTY reported a net income of \$15.4 million or \$0.81 per share (\$0.81 per diluted share) compared to a net income of \$12.3 million or \$0.64 per share (\$0.64 per diluted share) for the same period last year, representing a net income increase of 26%. The increase in net income for the period is mainly attributable to strong generic growth.

During its 2010 fiscal year, the Company's total revenue increased by 30%, to \$66.9 million, from \$51.5 million during the same period last year. Revenue from franchise locations increased to \$58.2 million for fiscal 2010 from \$42.2 million, representing a 38% higher as to fiscal 2009. While 59% of the increase comes from the impact of acquisitions, the remainder of the increase is attributable to stronger volume of initial franchise fees and turnkey deliveries as compared to the same period last year and higher royalties generated by new stores opened during the last 12 months. Revenue from corporate owned locations decreased to \$8.7 million during our 2010 year, from \$9.4 million for the same period last year, representing a reduction of 7%. This reduction is mainly due to the decrease in the number of corporate owned locations during the first three quarters of the period, before the acquisition of Valentine and of its nine corporate locations.

EBITDA increased by 21%, from \$21.7 million to \$26.4 million for the twelve months ended November 30, 2010. For the same period, EBITDA from franchised locations increased from \$21.2 million in 2009 to \$25.5 million in 2010. The generic growth from stores opened in the last quarter of 2009 and during 2010 is the main driver of the increase. EBITDA as a percentage of revenue decreased mainly due to a larger number of turnkey projects delivered and increased sales of products and services made to franchisees, which typically generate lower profit margins. EBITDA from corporate owned locations increased from \$0.5 million in 2009 to \$0.9 million in 2010, mainly because of the stronger general performance of the remaining stores. For the same reason, EBITDA as a percentage of revenue from corporate owned locations increased to 11% for the period, compared to 6% in 2009.

System wide sales reached to \$461.9 million during the year ended November 30, 2010, compared to \$393.1 million for the same period last year, representing an increase of 18%. Approximately half of the increase in system wide sales is attributable to the acquisition of Country Style, while one tenth of the increase comes from Valentine. The remainder is generated by new locations opened since the end of 2009.

Results of operations for the fourth quarter ended November 30, 2010

MTY reported a net income of \$4.5 million or \$0.23 per share (\$0.23 per diluted share) compared to a net income of \$3.8 million or \$0.20 per share (\$0.20 per diluted share) for the same quarter last year representing an increase of 19%. Most of the increase in net income for the quarter is attributable to growth in royalties generated by outlets opened during the last twelve months.

Total revenue increased by 25%, to \$19.3 million from \$15.5 million in the fourth quarter of last year. During the same period, revenue from franchise locations increased by 26% to \$16.8 million from \$13.3 million. The increase is attributable to the acquisition of Valentine for \$2.9 and the remaining balance came from generic growth.

Revenue from corporate owned locations increased by 16% to \$2.5 million for the quarter, from \$2.2 million for the same quarter last year. The increase is mainly attributable to the acquisition of Valentine, which operated nine corporate stores at the date of the transaction and opened two more during the fourth quarter.

Total EBITDA grew by 13%, from \$6.6 million to \$7.4 million for the quarter. EBITDA from franchise locations increased 13%, from \$6.6 million in 2009 to \$7.4 million in 2010. The main driver of that growth is the increase in royalties generated by stores opened in the last twelve months. EBITDA as a percentage of revenue for franchise locations declined to 42.6% from 48.4% a year ago. The acquisition of Valentine, which earns a high proportion of its revenues from sale of products to franchisees at a lower profit margin, accounts for most of the variance. EBITDA from corporate owned locations was stable with a slight negative contribution.

System sales amounted to \$124.0 million, up 16% compared to the same quarter last year. While Valentine accounts for approximately 40% of the increase, the main driver of this growth is the increased number of stores opened in the last twelve months.

For 2011, management plans of opening 85 new locations and remains committed in seeking potential acquisitions to further strengthen its market position.

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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 Jean-Francois Dube, Investor Relations at 1-450-226-8475 or by email at jfdube@mac.ca or visits our website: www.mtygroup.com or visit SEDAR's website at www.sedar.com under the Company's name.