

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

NEWS RELEASE

MTY FOOD GROUP REPORTS THIRD QUARTER RESULTS

Montreal, Qc, October 4, 2011, MTY Food Group Inc. ("MTY" or the "Company") (TSX: MTY), franchisor and operator of over 1,893 quick service restaurants today reports its operating results for the period ending August 31, 2011.

Highlights of the third quarter:

- MTY completes the acquisition of Jugo Juice and its 136 outlets in operation;
- Number of locations at quarter end at 1,893, up from 1,727 at November 30, 2010;
- Revenues increased 21% to \$19.3 million for the quarter;
- Same store sales grew by 0.60% during the third quarter;
- EBITDA before restructuring charges up 5% at \$7.34 million for the third quarter;
- Net income for the third quarter at \$0.23 per share, compared to \$0.22 in 2010;
- Cash flows from operations reach \$6.9 million for the third quarter;
- Cash and short term investments total \$26.4 million at the end of August 2011;
- System wide sales reached \$135.2 million for the third quarter, totaling \$377.8 million for the first nine months of fiscal 2011, up 13% and 12% respectively for the same two periods last year.

Results of operations for the third quarter ended August 31, 2011

For the quarter ended August 31, 2011, MTY reported a net income of \$4.4 million or \$0.23 per share (\$0.23 per diluted share) compared to a net income of \$4.2 million or \$0.22 per share (\$0.22 per diluted share) for the same period last year, representing an increase in net income of 6%.

The following table presents selected financial information for the three months August 31 of 2011 and 2010:

(in millions of dollars, except per share item)
(unaudited)

	Q3 2011	Q3 2010
Revenues	19.3	15.9
EBITDA ⁽¹⁾	7.3	7.0
EBITDA before restructuring charges ⁽¹⁾	7.3	7.0
Net income	4.4	4.2
Earnings per share	0.23	0.22
Same store sales growth	0.6%	-0.2%
System-wide sales	135.2	120.1

⁽¹⁾For purposes of the EBITDA analysis, interest income and gain on disposal of capital assets and on foreign exchange have been included with Franchise revenue.

* **Note:** *for additional information, please refer to the unaudited consolidated financial statements of the Company and to the Management's Discussion and Analysis for the period ended August 31, 2011.*

During the third quarter of our 2011 fiscal year, the Company's total revenue increased by 21%, reaching \$19.3 million in 2011 compared to \$15.9 million last year.

Revenue from franchise locations was stable at \$14.0. A decrease of \$1.2 million in sales of turnkeys, materials and rent to franchisees was offset by revenues from Valentine's franchise operations of \$0.8 million, a growth in royalties revenue of \$0.3 million as well as other non-material items.

Revenue from corporate owned locations increased to 29% over last year, owing to the addition of the Valentine corporate stores in the fourth quarter of 2010.

During the third quarter of 2011, the Company also generated distribution and food processing revenues of \$1.4 million and \$1.6 million respectively. There were no such revenues streams in the third quarter of 2010.

EBITDA before restructuring charges ("EBITDAR") from franchising operations grew 6% during the third quarter of 2011 compared to the same period last year. This increase is the result of the increase in revenues from higher margin items such as royalties in proportion to revenues generated from sales of turnkeys, materials and rent, which typically generate low margins. As a result, EBITDAR as a percentage of revenues increased to 50%, compared to 47% a year ago.

During the same period, EBITDA from corporate owned locations decreased from \$0.4 million in 2010 to \$0.1 million in 2011, mainly due to some relatively weaker stores recently acquired and to the disposition of a highly profitable store at the end of the first quarter of 2011.

EBITDA from the Company's distribution center was \$0.1 million for the three-month period, while the newly acquired food processing plant generated a \$0.1 million EBITDA, consistent with the results of the second quarter.

System wide sales reached to \$135.2 million during the third quarter of 2011, compared to \$120.1 million for the same period last year, representing an increase of 13%. For the first nine months of 2011, system-wide sales have reached \$377.8 million, up 12% compared to the first three quarters of 2010. In both cases, approximately half of the increase in system wide sales is attributable to the acquisition of Valentine. The remainder is generated by new locations opened in the last twelve months.

For the third quarter of the 2011 fiscal period, same store sales grew 0.60%. For the first nine months of 2011, same-store sales decreased by 0.05%, mainly owing to a difficult competitive environment in the coffee industry. Excluding Country Style, other concepts on average experienced positive growth in their same-store sales.

For the first nine months of 2011, the Company has opened 90 new locations and closed 60, including the loss of 25 non-traditional Country Style stores following the early cancellation of a contract. The impact of this loss, although material in number of locations, is expected to be insignificant given the average sales of the 25 closed outlets. The company also acquired 136 Jugo Juice outlets in the second half of August 2011. Given the timing, the impact of this acquisition was immaterial in the Company's third quarter income statement.

In August 2011, the Company announced it had reached binding agreements to acquire the assets of Koryo Korean BBQ Franchise Corporation as well as of Mr. Submarine Limited. The two deals are expected to close during the fourth quarter of 2011.

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.