

### FOR IMMEDIATE RELEASE

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# MERITAGE REPORTS SECOND QUARTER 2016 RESULTS; ACCELERATING SALES AND EARNINGS GROWTH AHEAD

Grand Rapids, Michigan, July 20, 2016. Meritage Hospitality Group, Inc. (OTCQX: MHGU), one of the nation's premier restaurant operators, today reported financial results for the second quarter ended July 3, 2016.

## **Second Quarter Highlights**

- Sales increased 14.8% to \$58.6 million from \$51.0 million for the same period last year.
- Earnings from Operations increased 36.6% to \$3.9 million from \$2.9 million for the same period last year.
- Net Earnings were \$ 2.1 million compared to \$2.2 million for the same period last year (which included a net gain of \$1.3 million related to real estate transactions last year).
- Consolidated EBITDA (a non-GAAP measure) increased 4.2% to \$5.5 million compared to \$5.2 million in 2015
- Common stock shareholders received a cash dividend of \$0.03 per share on June 22, 2016.
- The Company acquired 8 Wendy's restaurants in the Oklahoma City market area during the period and is planning to acquire an additional 10 Wendy's restaurants in the same market area during the third quarter.

"Our restaurant teams delivered a very solid performance for the quarter and first half of the year, staying focused on customer service and systems integration. Our earnings from operations were notably stronger in the quarter. The Company continues to invest substantial resources in Wendy's restaurant brand initiatives, including restaurant reimaging and opening new restaurants in acquired market areas. Same store sales in newly re-imaged Wendy's restaurants continue to outperform expectations, as customers reward us for the improved experience. We are forecasting a continued acceleration in sales and earnings growth for the second half of the year and fiscal 2017, driven by the integration of newly opened, renovated and acquired restaurants." stated Meritage CEO, Robert E. Schermer, Jr.

#### **Six Months Highlights**

- Sales for the six months increased 15.6% to a record \$112.6 million compared to sales of \$97.5 million for the same period last year.
- Earnings from Operations increased 19.0% to \$5.6 million compared to \$4.7 million last year.

- Net Earnings were \$2.6 million compared to \$3.2 million for the same period last year (which included a net gain of \$1.5 million related to real estate transactions last year).
- Consolidated EBITDA (a non-GAAP measure) was \$8.4 million compared to \$8.5 million last year.

## **About the Company**

Meritage Hospitality is one of the nation's leading franchise operators, currently operating 173 quick-service and chefinspired casual dining restaurants in eight states. The Company specializes in the acquisition, development and operation of restaurants, utilizing its unique, scalable web-based back-of-house operating platform. The Company is headquartered in Grand Rapids, Michigan, and employs an active workforce of approximately 5,500 people. The Company's public filings can be viewed at www.otcqx.com, under the common stock symbol MHGU and the company's website at www.meritagehospitality.com.

#### SAFE HARBOR STATEMENT

Certain information in this news release, particularly information regarding future economic performance and finances, and plans, expectations and objectives of management, constitutes forward-looking statements. Factors set forth in our Safe Harbor Statement, in addition to other possible factors not listed, could affect the Company's actual results and cause such results to differ materially from those expressed in forward-looking statements. Please review the Company's Safe Harbor Statement at http://www.meritagehospitality.com.