Cara Operations Unlimited

Cara Reports Q2 2017 Results - Total System Sales grow 46.7%, Operating EBITDA increases 26.8%

VAUGHAN, ON, July 31, 2017 /CNW/ - Cara Operations Limited, today announced results for the second quarter ending June 25, 2017.

"We continue to deliver on our 2020-2022 strategy with strong growth in the second quarter and year to date. The St-Hubert and Original Joe's acquisitions coupled with net new restaurant openings drove total system sales growth over 2016 of $210.5 million or 46.7% in the quarter and an increase of $419.4 million or 46.6% year to date," commented Bill Gregson, Cara's Chief Executive Officer.

"While same restaurant sales for the quarter decreased 0.3%, we are encouraged by positive same restaurant sales in June and July. In addition, second quarter SRS includes the negative impact from Easter which we highlighted in the first quarter. If we remove the second quarter Easter impact, SRS was 0.3% positive. We are pleased with the improved SRS trend, however, lots of work continues toward our goal of long-term sustainable SRS growth including our renovations strategy, focus on menu innovation, renewed commitment to improved guest experiences, and investments in digital and e-commerce, which are gaining momentum for all Cara brands."

"Operating EBITDA grew $8.8 million or 26.8% in the quarter to $41.6 million. Operating EBITDA Margin on System Sales was 6.3% in the quarter compared to 7.3% last year. The decrease was driven by: (i) the addition of Original Joe's that currently operates below our 7%-8% target; (ii) weaker performance in certain Cara corporate restaurants as a result of poor weather during patio season; and, (iii) some second quarter timing differences, in particular, ten corporate restaurants temporarily closed for renovation and seasonally low grocery sales that will correct in the second half of 2017. The contribution from St-Hubert's food processing and distribution business was light this quarter due to seasonality with sales to grocers being at its lowest during the second quarter. The contribution margin from St-Hubert's food processing and distribution business will be stronger in the back half of 2017 when sales are typically higher compared to the first and second quarters. If we normalize second quarter Operating EBITDA for timing differences, Operating EBITDA Margin on System Sales was 7.1%, within our long-term target range."

Second Quarter and Year to Date Highlights:

- System Sales grew $210.5 million to $660.8 million for the 13 weeks ended June 25, 2017 as compared to 2016, representing an increase of 46.7%. For the 26 weeks ended June 25, 2017, System Sales grew $419.4 million to $1,319.9 million compared to the same period in 2016, representing an increase of 46.6%. The increase in System Sales is primarily related to the addition of St-Hubert in September 2016, Original Joe's in November 2016 and the addition of 42 new restaurants that opened in 2016, partially offset by restaurant closures.

- Same Restaurant Sales ("SRS") Growth for the quarter was a decrease of 0.3% compared to the same 13 weeks in 2016. SRS during the quarter was negatively impacted by 0.6% with Easter occurring in the second quarter of 2017 as compared to the first quarter in 2016. Excluding the impact of Easter, SRS for the second quarter was positive 0.3%. SRS for the 26 weeks ended June 25, 2017 was a decrease of 0.5% compared to the same period in 2016. SRS excludes the impact from the Original Joe's transaction that was completed on November 28, 2016 and the Burger's Priest investment that was completed on June 1, 2017, and both will be excluded from 2017 SRS reporting.

- Operating EBITDA increased to $41.6 million for the 13 weeks ended June 25, 2017 compared to $32.8 million in 2016, an improvement of $8.8 million or 26.8% for the quarter. Year to date, Operating EBITDA was $84.5 million compared to $60.3 million in 2016, an improvement of $24.2 million or 40.1%. The increases have been driven by an increase in contribution dollars in each of the Company's operating segments, being Corporate restaurants, Franchise restaurants and Central, from the addition of St-Hubert in September 2016 (including food processing and distribution which is part of Central operations), and Original Joe's in November 2016.

- Operating EBITDA Margin on System Sales was 6.3% for the second quarter in 2017 compared to 7.3% in the same quarter in 2016. Year to date, Operating EBITDA Margin on System Sales was 6.4% compared to 6.7% in 2016. The second quarter decrease was driven by: (i) the addition of Original Joe's that currently operates below our 7%-8% target; (ii) weaker performance in certain Cara corporate restaurants as a result of poor weather impacting our patio season; (iii) negative SRS, and, (iv) second quarter timing differences, in particular, 10 corporate restaurant temporary closures for renovation and seasonally low grocery sales that will correct in the second half of 2017 as the sales for food processing and distribution is lowest in the second quarter. If we normalize second quarter Operating EBITDA for timing differences, Operating EBITDA Margin on System Sales was 7.1%, within our long-term target range.

- Earnings before income taxes was $21.6 million for the 13 weeks ended June 25, 2017 compared to $24.9 million in 2016, a decrease of $3.3 million or 13.3% for the quarter. The decrease in the quarter is related to an increase in interest and financing costs and increased depreciation expense (both related to the St-Hubert and Original Joe's 2016 transactions), non-cash impairment provisions, and restructuring expenses recognized during the quarter related to the Original Joe's integration and exiting certain leases corresponding to unprofitable corporate sites.

- Year to date, Earnings before income taxes was $49.1 million compared to $45.0 million, an improvement of $4.1 million or 9.1%. The increase was mainly attributed to increased contribution dollars from corporate and franchised restaurants from the additions of St-Hubert and Original Joe's corporate and franchise restaurants, improved contribution from the central segment driven by the addition of St-Hubert's food processing and distribution business, and overall cost reductions, offset by increased interest expense and depreciation expense (both related to the St-Hubert and Original Joe's 2016 transactions), and second quarter impairment provisions and restructuring charges.

- Management continues to focus on both short-term and long-term strategies to improve SRS through restaurant renovations, greater emphasis on menu innovation, enhanced guest experiences, expanded off-premise sales through new and improved e-commerce applications that will be expanded to most brands over the next 2 years, and brand specific digital-social media marketing. Some specific developments include:

  - In Q1 and Q2 the Company completed the renovation of 29 corporate and franchised restaurants. Restaurant renovations rejuvenate sales long-term and positively contribute to SRS. The Company expects to complete 43 renovations in the second half of the year. Management has reduced the number of planned renovations for the year to focus on completing renovations with higher sales impact.

  - The Company has completed improvements to its websites and mobile applications to simplify and enhance order functionality to improve online sales. In Q3 and Q4, the Company will be launching new online applications (APPs) for East Side Mario's, Swiss Chalet and Montana's that will provide new and improved options for customers for take-out and delivery sales.

  - In Q1 and Q2 Cara expanded its on-line aggregator relationships (including Uber-Eats) to over 350 restaurants to enable customers to place delivery and pick-up orders through the channel and application of their choice; the Company will continue to roll out this initiative across its corporate and franchised restaurants and expects to be active in at least 470 restaurants by August 2017 and 600 by the end of Q4.

- The Company continues to build on existing partnerships with key media partners including Facebook and Google and has also built new partnerships and integrations with strategic digital media partners including the Weather Network, TeamSnap and Waze where their subscribers overlap with Cara customers. This is part of the continued goal of enhancing customer specific marketing and marketing effectiveness.
- In Q3 and Q4 the Company will be focused on growing active user databases across brands and leveraging a new CRM tool and database management systems to market directly to customers and to effectively maximize life time value of these guests.
- In Q3 the Company will also be using the data gathered from these data analytics tools to identify and provide specific feedback to individual restaurants that have an opportunity to enhance guest experience.
- In Q3 the Company is on track to launch a new local store marketing portal that will provide more effective local store marketing tools to help our franchisees and restaurants better connect with guests in their communities.
- In Q3 and Q4 Cara will be enhancing its partnership with Scene to more effectively leverage the 8 million plus Scene member database and customer data to drive new and repeat purchases from Scene members.

- On July 31, 2017, the Company's Board of Directors declared a dividend of $0.10169 per share of subordinate and multiple voting common stock. Payment of the dividend will be made on September 15, 2017 to shareholders of record at the close of business on August 31, 2017.

	For the 13 weeks ended		For the 26 weeks ended	
($ millions unless otherwise stated)[1]	**June 25, 2017**	**June 26, 2016**	**June 25, 2017**	**June 26, 2016**
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total System Sales from continuing operations	$660.8	$450.3	$1,319.9	$900.5
Total System Sales Growth[2]	46.7%	3.0%	46.6%	4.0%
SRS Growth[3]	(0.3%)	(2.0%)	(0.5%)	(0.7%)
Number of restaurants[2] (at period end)	1255	1003	1255	1003
Corporate restaurant sales	$103.4	$68.4	$202.1	$131.6
Number of corporate and joint venture restaurants	214	119	214	119
Contribution from Corporate segment	$10.4	$8.9	$18.4	$14.0
Contribution as a % of corporate sales	10.1%	13.0%	9.1%	10.6%
Franchise restaurant sales	$504.7	$381.9	$1,005.5	$768.9
Number of franchised restaurants	1041	884	1041	884
Contribution from Franchise segment	$19.9	$15.4	$40.3	$31.1
Contribution as a % of Franchise sales	3.9%	4.0%	4.0%	4.0%
Contribution from Food Processing and Distribution	$0.6	nil	$5.3	nil
Contribution from Central segment	$11.3	$8.5	$25.8	$15.2
Contribution as a % of Total System Sales	1.7%	1.9%	2.0%	1.7%
Total gross revenue	$178.4	$89.0	$361.1	$173.2
Operating EBITDA	$41.6	$32.8	$84.5	$60.3
Operating EBITDA Margin	23.3%	36.9%	23.4%	34.8%
Operating EBITDA Margin on Total System Sales	6.3%	7.3%	6.4%	6.7%
Earnings before income taxes	$21.6	$24.9	$49.1	$45.0
Net earnings	$17.4	$18.1	$61.3	$32.4
Adjusted net earnings[4]	$26.4	$25.5	$52.1	$46.6
Earnings per share from continuing operations attributable to common shareholders (in dollars)				
Basic EPS	$0.29	$0.37	$1.02	$0.66
Diluted EPS	$0.28	$0.34	$0.99	$0.61
Adjusted Basic EPS[5]	$0.44	$0.52	$0.87	$0.95
Adjusted Diluted EPS[5]	$0.42	$0.48	$0.84	$0.89

(1) See "Non-IFRS Measures" on page 28 of the Company's MD&A for definitions of System Sales, SRS Growth, Operating EBITDA, Operating EBITDA Margin & Operating EBITDA Margin on System Sales.
(2) Results from East Side Mario restaurants in the United States are excluded in System Sales totals and number of restaurants.
(3) Results from New York Fries located outside of Canada, East Side Mario restaurants in the United States, Casey's restaurants, Original Joe's restaurants, and Burger's Priest are excluded from SRS Growth.
(4) "Adjusted Net Earnings" is defined as net earnings plus (i) deferred income tax expense (reversal); (ii) non-cash amortization of inventory fair value increases related to inventory sold during the period resulting from the St-Hubert purchase determined at acquisition date; (iii) one-time transaction costs; (iv) non-cash impairment charges; and (v) restructuring and other.
(5) "Adjusted Basic EPS" is defined as Adjusted Net Earnings divided by the weighted average number of shares outstanding. "Adjusted Basic EPS" is defined as Adjusted Net Earnings divided by the weighted average number of shares outstanding. "Adjusted Diluted EPS" is defined as Adjusted Net Earnings divided by the weighted average number of shares outstanding plus the dilutive effect of stock options and warrants issued.

The Company's unaudited interim consolidated financial statements for the 13 and 26 weeks ended June 25, 2017 and Management's Discussion and Analysis are available under the Company's profile on SEDAR at www.sedar.com.

Outlook

The Company continues to deliver on its long-term strategic objectives laid out at the time of the April 2015 IPO. Cara's successful acquisition and earnings efficiency strategies, including synergies from the 2016 St-Hubert and Original Joe's transactions, will continue to deliver profitable growth over 2016. In the second quarter, Total Systems Sales grew $210.5 million or 46.7% to $660.8 million, Operating EBITDA increased 26.8% to $41.6

million with a contribution margin of 6.3% as a percentage of Total System Sales, and adjusted Net Earnings increased to $26.4 million. Despite progress growing System Sales, restaurant count, Operating EBITDA, and Adjusted Net Earnings, management is unsatisfied with SRS despite improvements over previous quarters. Management provides the following comments regarding its strategies and initiatives:

- *System Sales and SRS Growth* — While Management is satisfied with total System Sales growth of 46.7%, the SRS decline of 0.3% in the second quarter fell below Management's expectations. SRS during the quarter was negatively impacted by 0.6% with Easter occurring in the second quarter of 2017 as compared to the first quarter in 2016. Excluding the impact of Easter, SRS for the second quarter was positive 0.3%, and SRS was positive for both June and July. While we are pleased with the improved SRS trend, lots of work is being done towards our goal of long-term sustainable SRS growth. As Cara is a multi-branded company, not all brands will have strong results at the same time which can result in overall variable sales and SRS results.

- Management continues to focus on both short-term and long-term strategies to improve SRS through restaurant renovations, greater emphasis on menu innovation, enhanced guest experiences, expanded off-premise sales through new and improved e-commerce applications that will be expanded to most brands over the next 2 years, and brand specific digital-social media marketing. Some specific developments:

  - In Q1 and Q2 the Company completed the renovation of 29 corporate and franchised restaurants. Restaurant renovations rejuvenate sales long-term and positively contribute to SRS. The Company expects to complete 43 renovations in the second half of the year. Management has reduced the number of planned renovations for the year to focus on completing renovations with higher sales impact.

  - The Company has completed improvements to its websites and mobile applications to simplify and enhance order functionality to improve online sales. In Q3 and Q4, the Company will be launching new APPs for East Side Mario's, Swiss Chalet and Montana's that will provide a new and improved option for customers for take-out and delivery sales.

  - In Q1 and Q2 Cara expanded its on-line aggregator relationships (including Uber-Eats) to over 350 restaurants to enable customers to place delivery and pick-up orders through the channel and application of their choice; the Company will continue to roll out this initiative across its corporate and franchised restaurants and expects to be active in at least 470 restaurants by August 2017 and 600 by the end of Q4.

  - The Company continues to build on existing partnerships with key media partners including Facebook and Google and has also built new partnerships and integrations with strategic digital media partners including the Weather Network, TeamSnap and Waze where their subscribers overlap with Cara customers. This is part of the continued goal of enhancing customer specific marketing and marketing effectiveness.

  - In Q3 and Q4 the Company will be focused on growing active user databases across brands and leveraging a new CRM tool and database management systems to market directly to customers and to effectively maximize life time value of these guests.

  - In Q3 the Company will also be using the data gathered from these data analytics tools to identify and provide specific feedback to individual restaurants that have an opportunity to enhance guest experience.

  - In Q3 the Company is on track to launch a new local store marketing portal that will provide more effective local store marketing tools to help our franchisees and restaurants better connect with guests in their communities.

  - In Q3 and Q4 Cara will be enhancing its partnership with Scene to more effectively leverage the 8 million plus Scene member database and customer data to drive new and repeat purchases from Scene members.

- *Total Operating EBITDA* — The combined contributions from Corporate, Franchise, Food Processing and Distribution, and Central segments resulted in Total Operating EBITDA margin of 6.3% as a percentage of total System Sales for the quarter compared to 7.3% in 2016. If we normalize second quarter Operating EBITDA for timing differences, Operating EBITDA Margin on System Sales was 7.1%, within our long-term target range. Year to date, Total Operating Margin was 6.4% compared to 6.7% in 2016. The Company will continue to work on all four segments to achieve its long-term targets to increase both segmented Operating EBITDA Contribution and Total Operating EBITDA in relation to Total System Sales especially as St-Hubert Food Processing and Distribution sales are highest in Q3 and Q4.

- *Corporate restaurant profitability* — While corporate restaurant profitability of 10.1% for the 13 weeks ended June 25, 2017 is within the Company's long-term target range of 10% - 15%, it is lower than the 13.0% achieved in Q2 in 2016. Year to date, corporate restaurant profitability was 9.1% compared to 10.6% in 2016. The reduction was mostly from St- Hubert and the Original Joe's corporate restaurants that currently operate below the 10% target contribution level, the 10 temporary closures during the period for renovation purposes, weaker performance in certain Cara corporate restaurants as a result of poor weather impacting our patio season, and negative SRS. Management believes there is significant opportunity for improved contribution in the future from St-Hubert and Original Joe's as Management realizes operating synergies from lower food costs and better labour management tools, as renovated restaurants re-open at higher sales levels, as the western provinces and Newfoundland recover from the economic slowdown and from the sale of corporate restaurants in franchise banners as 9 sales were already completed in the first half of 2017. There will be more corporate renovations and temporary closures in Q3 2017 as we continue our 2017 renovation plan. The Ontario government is proposing increases to minimum wage starting January 1, 2018 that will materially impact the cost of labour at 55% of the Company's restaurants. The Company is working with industry groups to challenge the speed of the minimum wage increases. At the same time, Management is evaluating alternatives to mitigate the impact of these increases while minimizing menu price increases that may otherwise be necessary to recover the extra costs.

- *Franchise segment* —Franchise contribution as a percentage of franchise sales remained steady at 3.9% and 4.0% for the 13 and 26 weeks ended June 25, 2017, respectively compared to 4.0% in 2016. The continued sales challenges experienced in the western provinces and Newfoundland has impacted financial assistance and bad debt provisions with certain franchised locations, which will result in slower improvements in franchise contribution rate over the short term.

- *Food processing and distribution* — Contribution dollars from food processing and distribution was $0.6 million and $5.3 million for the 13 and 26 weeks ended June 25, 2017 respectively. As a percentage of System Sales, the Contribution margin rate for food processing and distribution was 1.1% and 4.7% for the 13 and 26 weeks ended June 26, 2017, respectively. Lower sales in the second quarter due to seasonality have impacted contribution. Management expects sales and contribution to increase in the third and fourth quarters to levels comparable to 2016.

- *Central segment* — Going forward, central contribution will continue to improve on our model for growing sales faster than head office expenses, and by expanding our off premise business.

- *Restaurant Count* — During the 26 weeks ended June 25, 2017, the Company completed 25 new openings and closed 20 restaurants. Management is targeting to open a minimum of 30 net new restaurants in 2017 before the impact of Casey's closures and any acquisitions.

Management is also pursuing the sale of certain corporate restaurants in its franchise banners to franchisees to continue to improve the corporate-franchise portfolio mix. During the 26 weeks end June 25, 2017, 9 corporate restaurants were sold and re-franchised.

- *Growth and acquisitions* —The Company currently has a debt to EBITDA ratio of approximately 2.0x. At this debt level, and with strong cash flow from operations, the Company has the ability to consider more growth opportunities while continuing to reduce its debt, and by opportunistically repurchasing its subordinate voting shares for cancellation under the NCIB. To supplement cash flow and debt repayment (and our ability to grow), the Company is also planning less capital expenditures in 2018 as we build fewer new restaurants and as we reduce the number of corporate restaurants in franchise banners by selling restaurants to franchisees.

The foregoing description of Cara's outlook is based on management's current strategies and its assessment of the outlook for the business and the Canadian Restaurant Industry as a whole, may be considered to be forward-looking information for purposes of applicable Canadian securities legislation. Readers are cautioned that actual results may vary. See "Forward-Looking Information" and "Risk & Uncertainties" in the Company's MD&A for a description of the risks and uncertainties that impact the Company's business and that could cause actual results to vary.

Non-IFRS Measures

These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non IFRS measures including "System Sales", "SRS Growth", "Operating EBITDA", "Operating EBITDA Margin", "Operating EBITDA Margin on System Sales", "Adjusted Earnings before income tax", "Adjusted Earnings", "Adjusted Basic EPS", and "Adjusted Diluted EPS", to provide investors with supplemental measures of its operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. The Company also believes that securities analysts, investors and other interested parties frequently use non IFRS measures in the evaluation of issuers. The Company's management also uses non IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets, and to determine components of management compensation.

"System Sales" represents top line sales from restaurant guests at both corporate and franchise restaurants including take-out and delivery customer orders. System Sales includes sales from both established restaurants as well as new restaurants. System sales also include sales received from its food processing and distribution division. Management believes System Sales provides meaningful information to investors regarding the size of Cara's restaurant network, the total market share of the Company's brands sold in restaurant and grocery and the overall financial performance of its brands and restaurant owner base, which ultimately impacts Cara's consolidated financial performance.

"System Sales Growth" is a metric used in the restaurant industry to compare System Sales over a certain period of time, such as a fiscal quarter, for the current period against System Sales in the same period in the previous year.

"SRS Growth" is a metric used in the restaurant industry to compare sales earned in established locations over a certain period of time, such as a fiscal quarter, for the current period against sales in the same period in the previous year. SRS Growth helps explain what portion of sales growth can be attributed to growth in established locations and what portion can be attributed to the opening of net new restaurants. Cara defines SRS Growth as the percentage increase or decrease in sales during a period of restaurants open for at least 24 complete fiscal months relative to the sales of those restaurants during the same period in the prior year. Cara's SRS Growth results excludes Original Joe's as the transaction was completed on November 28, 2016; Burger's Priest as the transaction was completed on June 1, 2017; Casey's restaurants as the Company is in the process of winding down its operations; and sales from international operations from 51 New York Fries and 3 US East Side Mario's. For the first quarter of 2016, SRS excludes the timing impact resulting from Easter weekend occurring in the last week of the first quarter of 2016 as compared to being in the first week of the second quarter in 2015. To provide comparable quarter over quarter results for 2016, SRS for the first quarter was comprised of 12 weeks compared to the same 12 weeks in the prior year and the second quarter SRS compares 14 weeks in 2016 to the same 14 weeks in 2015 to include the impact of Easter weekend.

"EBITDA" is defined as net earnings (loss) before: (i) net interest expense and other financing charges; (ii) loss (gain) on derivative; (iii) write-off of financing fees; (iv) income taxes; (v) depreciation of property, plant and equipment; (vi) amortization of other assets.

"Operating EBITDA" is defined as net earnings (loss) before: (i) net interest expense and other financing charges; (ii) gain (loss) on derivative; (iii) write-off of financing fees; (iv) income taxes; (v) depreciation of property, plant and equipment; (vi) amortization of other assets; (vii) impairment of assets, net of reversals; (viii) losses on early buyout / cancellation of equipment rental contracts; (ix) restructuring and other; * conversion fees; (xi) net (gain) / loss on disposal of property, plant and equipment; (xii) stock based compensation; (xiii) changes in onerous contract provision; (xiv) lease costs and tenant inducement amortization; (xv) expense impact from fair value inventory adjustment resulting from the St-Hubert purchase relating to inventory sold during the period; (xvi) acquisition related transaction costs; and the Company's proportionate share of equity accounted investment in associates and joint ventures.

"Operating EBITDA Margin" is defined as Operating EBITDA divided by total gross revenue.

"Operating EBITDA Margin on System Sales" is defined as Operating EBITDA divided by System Sales.

"Adjusted Net Earnings" is defined as net earnings plus (i) deferred income tax expense (reversal); (ii) non-cash amortization of inventory fair value increases related to inventory sold during the period resulting from the St-Hubert purchase determined at acquisition date; (iii) one-time transaction costs; (iv) non-cash impairment charges; and (v) restructuring and other.

"Adjusted Basic EPS" is defined as Adjusted Net Earnings divided by the weighted average number of shares outstanding.

"Adjusted Diluted EPS" is defined as Adjusted Net Earnings divided by the weighted average number of shares outstanding plus the dilutive effect of stock options and warrants issued.

Forward-Looking Information

Certain statements in this press release may constitute "forward-looking" statements within the meaning of applicable Canadian securities legislation which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this press release, such statements use words such as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this news release. These forward-looking statements involve a number of risks and uncertainties, including those related to: (a) the Company's ability to maintain profitability and manage its growth including SRS Growth, System Sales Growth, increases in net income, Operating EBITDA and Operating EBITDA Margin on System Sales, and Adjusted net earnings (b) competition in the industry in which the Company operates; (c) the general state of the economy; (d) integration of acquisitions by the Company; (e) risk of future legal proceedings against the Company. These risk factors and others are discussed in detail under the heading "Risk Factors" in the Company's Annual Information Form dated March 2, 2017. New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this press release are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this press release.

Related Communications

Bill Gregson, Chief Executive Officer and Ken Grondin, Chief Financial Officer, will hold an investor conference call to discuss 2017 second quarter results at 9:00 am Eastern Time on Tuesday August 1, 2017.

To access the call, please call (647) 427-7450 or 1-888-231-8191, five to ten minutes prior to the start time. Conference ID 49376846. A telephone replay of the call will be available until midnight on September 1, 2017. To access the replay, please dial (416) 849-0833 or 1-855-859-2056 and enter passcode 49376846.

About CARA

Founded in 1883, Cara is Canada's oldest and largest full-service restaurant company. The Company franchises and/or operates some of the most recognized brands in the country including Swiss Chalet, Harvey's, St-Hubert, Milestones, Montana's, Kelsey's, East Side Mario's, New York Fries, Burger's Priest, Prime Pubs, Original Joe's, State & Main, Elephant & Castle, Bier Markt and Landing restaurants. As at June 25, 2017, Cara had 1,255 restaurants, 1,197 of which were located in Canada and the remaining 58 locations were located internationally. 83% of Cara's restaurants are operated by franchisees and 55% of Cara's locations are based in Ontario. Cara's shares trade on the Toronto Stock Exchange under the ticker symbol CARA.TO. More information about the Company is available at www.cara.com.

SOURCE Cara Operations Limited

For further information: INVESTOR RELATIONS: Cara Operations Limited, Ken Grondin, (905) 760-2244, Chief Financial Officer, Email: kgrondin@cara.com or investorrelations@cara.com

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