Cara Operations Unlimited

Cara Reports Q3 2017 Results - Total System Sales grow 36.9%, Same Restaurant Sales +0.9% and Operating EBITDA increases 30.1%.

VAUGHAN, ON, Nov. 3, 2017 /CNW/ - Cara Operations Limited, today announced results for the third quarter ending September 24, 2017.

"We continue to deliver on our 2020-2022 strategy with strong growth in the third quarter and year to date. During the third quarter, we achieved positive results towards all our long-term targets. The St-Hubert and Original Joe's acquisitions drove total system sales growth over 2016 of $184.6 million or 36.9% in the quarter and an increase of $604.0 million or 43.1% year to date, Same Restaurant Sales ("SRS") was positive 0.9% for the quarter to improve us to flat year to date, EBITDA as a percentage of Total System Sales was within our long-term target range of 7%-8% at 7.0% for the quarter" commented Bill Gregson, Cara's Chief Executive Officer.

"While we are not satisfied with SRS of 0.9% for the quarter, we are encouraged by the positive trend. We will continue to focus on our goal of long-term sustainable SRS growth, which will be driven by the combination of our renovation strategy, focus on menu innovation, commitment to improved operations and guest experiences, and our investments in digital and e-commerce.

Third Quarter and Year to Date Highlights:

- System Sales grew $184.6 million to $684.7 million for the 13 weeks ended September 24, 2017 as compared to 2016, representing an increase of 36.9%. For the 39 weeks ended September 24, 2017, System Sales grew $604.0 million to $2,004.6 million compared to the same period in 2016, representing an increase of 43.1%. 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 13 and 39 weeks ended September 24, 2017 was 0.9% and 0.0%, respectively, compared to the same 13 and 39 weeks in 2016. The improvement in trend to positive SRS is primarily driven by sales increases from renovated restaurants, menu enhancements, digital marketing, strong performance in Quebec and improvements in Alberta. 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 $48.0 million for the 13 weeks ended September 24, 2017 compared to $36.9 million in 2016, an improvement of $11.1 million or 30.1% for the quarter. Year to date, Operating EBITDA was $132.5 million compared to $97.3 million in 2016, an improvement of $35.2 million or 36.2%. 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 for the third quarter was 7.0%, within our long-term target range of 7%-8%, however less than 7.4% in Q3 2016.   Year to date, Operating EBITDA Margin on System Sales was 6.6% compared to 6.9% in 2016.   Q3 2017 marks the first quarter in 2017 where Operating EBITDA Margin returns to within the 7%-8% target range coming from the improvements in each of the Company's segments and reflects Cara and St-Hubert operating in the 7%-8% range, while improvement opportunities remain to be fully realized at Original Joe's to reach the Company's long-term target range.

- Earnings before income taxes was $30.4 million for the 13 weeks ended September 24, 2017 compared to $20.7 million in 2016, an increase of $9.7 million or 46.9% for the quarter. Year to date, Earnings before income taxes was $79.5 million compared to $65.7 million, an improvement of $13.8 million or 21.0%. The increases were 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, SRS increases, 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), non-cash impairment provisions and restructuring charges.

- Basic Earnings per Share ("EPS") for the 13 and 39 weeks ended September 24, 2017 was $0.35 and $1.38, compared to $0.29 and $0.95 in 2016, respectively. Diluted EPS was $0.34 in the quarter compared to $0.27 in 2016, and $1.33 year to date compared to $0.88 in 2016. The increases are primarily related to improvements in Net Earnings, offset by the impact from the increased number of subordinate voting shares outstanding as a result of the Q3 2016 subscription receipt offering to support the St-Hubert transaction reduced by shares repurchased and cancelled under the NCIB in the second and third quarters of 2017.

- 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:

  - Year to date, the Company has completed the major renovation of 47 corporate and franchised restaurants. Major renovations, which include the inside and outside of the restaurant, rejuvenate sales long-term and positively contribute to SRS on a sustainable basis.

  - In Q3 2017, the Company launched new native, in-house developed ordering apps for Swiss Chalet on iOS and Android. These will be followed shortly in Q4 with a new fully-responsive mobile-friendly ordering website for Swiss Chalet. The new Swiss Chalet apps have been very positively received by consumers and have become the #1-rated branded restaurant app in Canada on the iOS app store. The new Swiss Chalet app and responsive website form the technical foundation for the Company to quickly launch new apps for Montana's, East Side Mario's and additional brands in the future.

  - During the first three quarters, Cara expanded its on-line aggregator relationships (including Uber-Eats) to over 470 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 600 restaurants by the end of Q4 2017.

  - 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 Q4, the Company will be integrating order ahead features for Swiss Chalet into the Weather Network and Waze Apps, these will be exclusive advertising and sales channels in Canada for Cara.

  - In Q3 the Company fully deployed a new CRM tool and database management system to market directly to customers and to effectively maximize life time value of these guests. With the help of this new CRM tool and database, brands can more effectively identify opportunities and put plans in place to drive not only new guests but also to grow life time value with purchase frequency and order size tactics of each consumer segment.

  - The Company has developed an analytics platform that integrates customer satisfaction data, sales and operational effectiveness data and health and safety data from a number of disparate data sources. This information is aggregated and presented into store and brand-level dashboards that provide franchisees, managers and operators with specific information about guest experiences, in their particular restaurants. This data forms a foundation of what will become a mobile analytics solution for our franchisees and operators to have timely and restaurant specific information at their fingertips to better service guests.

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

- In Q4 Cara will continue to enhance 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 November 3, 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 December 15, 2017 to shareholders of record at the close of business on November 30, 2017.

Subsequent to September 24, 2017, the Company announced entering into a purchase agreement to acquire 100% interest in the Pickle Barrel Group of Restaurants for approximately $23.6 million, consisting of cash, the issue of subordinate voting shares, and the assumption of debt of approximately $5.4 million. The transaction is anticipated to close by the end of the year.

	For the 13 weeks ended		For the 39 weeks ended	
($ millions unless otherwise stated)[1]	**September 24, 2017**	**September 25, 2016**	**September 24, 2017**	**September 25, 2016**
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total System Sales	$684.7	$500.1	$2,004.6	$1,400.6
Total System Sales Growth[2]	36.9%	14.0%	43.1%	7.4%
SRS Growth[3]	0.9%	(2.3%)	0.0%	(1.2%)
Number of restaurants[2] (at period end)	1,249	1,127	1,249	1,127
Corporate restaurant sales	$111.2	$74.7	$313.3	$206.4
Number of corporate and joint venture restaurants	211	136	211	136
Contribution from Corporate segment	$11.8	$9.1	$30.2	$23.1
Contribution as a % of corporate sales	10.6%	12.2%	9.6%	11.2%
Franchise restaurant sales	$515.7	$407.7	$1,521.3	$1,176.6
Number of franchised restaurants	1,038	991	1,038	991
Contribution from Franchise segment	$20.0	$16.0	$60.3	$47.1
Contribution as a % of Franchise sales	3.9%	3.9%	4.0%	4.0%
Contribution from Food Processing and Distribution	$3.4	$2.7	$8.7	$2.7
Contribution from Central segment	$16.2	$11.8	$42.0	$27.1
Contribution as a % of Total System Sales .	2.4%	2.4%	2.1%	1.9%
Total gross revenue	$188.7	$114.5	$549.8	$287.7
Operating EBITDA	$48.0	$36.9	$132.5	$97.3
Operating EBITDA Margin	25.4%	32.2%	24.1%	33.8%
Operating EBITDA Margin on Total System Sales	7.0%	7.4%	6.6%	6.9%
Earnings before income taxes	$30.4	$20.7	$79.5	$65.7
Net earnings	$21.2	$14.9	$82.5	$47.3
Adjusted net earnings[4]	$28.7	$24.3	$80.8	$70.9
Earnings per share attributable to common shareholders (in dollars)				
Basic EPS	$0.35	$0.29	$1.38	$0.95
Diluted EPS	$0.34	$0.27	$1.33	$0.88
Adjusted Basic EPS[5]	$0.48	$0.47	$1.35	$1.42
Adjusted Diluted EPS[5]	$0.46	$0.43	$1.30	$1.32

(1) See "Non-IFRS Measures" 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; and (iv) non-cash impairment charges. See "Non-IFRS Measures" on page 28 of the Company's MD&A for definitions of Adjusted Earnings Before Income Tax, Adjusted Net Earnings, Adjusted Basic EPS and Adjusted Diluted EPS.
(5) "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. See "Non-IFRS Measures" on page 28 of the Company's MD&A for definitions of Adjusted Earnings Before Income Tax, Adjusted Net Earnings, Adjusted Basic EPS and Adjusted Diluted EPS.

The Company's unaudited interim consolidated financial statements for the 13 and 39 weeks ended September 24, 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 third quarter, Total Systems Sales grew $184.6 million or 36.9% to $684.7 million, Operating EBITDA increased 30.1% to $48.0 million with a contribution margin of 7.0% as a percentage of Total System Sales, and adjusted Net Earnings increased to $28.7 million, an increase of $4.4 million or 18.1%. Management provides the following comments regarding its strategies and initiatives:

- *System Sales and SRS Growth* — Management is very happy with total System Sales growth of 36.9% and is not satisfied with SRS of 0.9% for the quarter, but is pleased by the positive trend. Management continues to focus on 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 include:

- Year to date, the Company has completed the major renovation of 47 corporate and franchised restaurants. Major renovations, which include the inside and outside of the restaurant, rejuvenate sales long-term and positively contribute to SRS on a sustainable basis.
- In Q3 2017, the Company launched new native, in-house developed ordering apps for Swiss Chalet on iOS and Android. These will be followed shortly in Q4 with a new fully-responsive mobile-friendly ordering website for Swiss Chalet. The new Swiss Chalet apps have been very positively received by consumers and have become the #1-rated branded restaurant app in Canada on the iOS app store. The new Swiss Chalet app and responsive website form the technical foundation for the Company to quickly launch new apps for Montana's, East Side Mario's and additional brands in the future.
- During the first three quarters, Cara expanded its on-line aggregator relationships (including Uber-Eats) to over 470 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 600 restaurants by the end of Q4 2017.
- 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 Q4, the Company will be integrating order ahead features for Swiss Chalet into the Weather Network and Waze Apps, these will be new exclusive advertising and sales channels in Canada for Cara.
- In Q3 the Company fully deployed a new CRM tool and database management system to market directly to customers and to effectively maximize life time value of these guests. With the help of this new CRM tool and database, brands can more effectively identify opportunities and put plans in place to drive not only new guests but also to grow life time value with purchase frequency and order size tactics of each consumer segment.
- The Company has developed an analytics platform that integrates customer satisfaction data, sales and operational effectiveness data and health and safety data from a number of disparate data sources. This information is aggregated and presented into store and brand-level dashboards that provide franchisees, managers and operators with specific information about guest experiences, in their particular restaurants. This data forms a foundation of what will become a mobile analytics solution for our franchisees and operators to have timely and restaurant specific information at their fingertips to better service guests.
- In Q3 the Company launched a new local store marketing portal that will provide more effective local store marketing tools and best practices to help our franchisees and restaurants better connect with guests in their communities.
- In Q4 Cara will continue to enhance 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 7.0% as a percentage of Total System Sales for the quarter, the best result year to date in 2017. Year to date, Total Operating EBITDA margin as a percentage of Total System Sales was 6.6% compared to 6.9% in 2016. The Company will continue to work on all four segments, with Corporate having the greatest improvement opportunity to achieve its long-term targets to increase both segmented Operating EBITDA Contribution and Total Operating EBITDA in relation to Total System Sales.
- *Corporate restaurant profitability* — While corporate restaurant profitability of 10.6% for the 13 weeks ended September 24, 2017 is within the Company's long-term target range of 10% - 15%, it is lower than the 12.1% achieved in Q3 in 2016. Year to date, corporate restaurant profitability was 9.6% compared to 11.2% in 2016. The reduction was mostly from Original Joe's corporate and joint venture restaurants that currently operate below the 10% target contribution level. Management believes there is significant opportunity for improved contribution in the future from Original Joe's as Management realizes operating synergies from lower food and beverage costs and better labour management tools. Contribution will also improve 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 certain corporate restaurants in franchise banners. Improvements in sales trends during the third quarter appears to indicate that a turnaround in Alberta has started.

  The Alberta and Ontario governments are proposing increases to minimum wage starting October 1, 2017 and January 1, 2018, respectively, that will materially impact the cost of labour at the Company's restaurants located in Alberta and Ontario. While this is an industry-wide issue, management is evaluating alternatives to mitigate the impact of these increases while minimizing menu price increases that may otherwise be necessary to offset the extra costs.
- *Franchise segment* —Franchise contribution as a percentage of franchise sales remained steady at 3.9% for the 13 weeks ended September 24, 2017 compared to 3.9% for the same period in 2016. Year to date, Franchise contribution as a percentage of franchise sales was 4.0% 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 $3.4 million and $8.7 million for the 13 and 39 weeks ended September 24, 2017, respectively. As a percentage of System Sales, the Contribution margin rate for food processing and distribution was 5.9% and 5.1% for the 13 and 39 weeks ended September 24, 2017, respectively. Managements expects a strong fourth quarter as some Q3 grocery orders have been delayed into the fourth quarter because of the unseasonably warm September in Quebec and Ontario.
- *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.
- *Earnings per share* – Starting in Q4 2017, year-over-year EPS and Adjusted EPS calculations will be more comparable as the weighted average share count amounts used for the calculation will be less impacted by new shares issued in Q3 2016 for the St-Hubert acquisition.
- *Restaurant Count* — During the first three quarters, the Company completed 35 new openings and closed 35 restaurants. Management is targeting to open 27 net new restaurants in 2017 before the impact of Casey's closures and any acquisitions. In addition, in Q4 2017 we will acquire Pickle Barrel locations as part of the upcoming transaction. 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 39 weeks end September 24, 2017, 12 corporate restaurants were sold and re-franchised.
- *Growth and acquisitions* —The Company currently has a debt to EBITDA ratio of approximately 2.2x. 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" 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 48 New York Fries and 3 US East Side Mario's.

"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 third quarter results at 9:00 am Eastern Time on November 6, 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 95322243. A telephone replay of the call will be available until midnight on December 9, 2017. To access the replay, please dial (416) 849-0833 or 1-855-859-2056 and enter passcode 95322243.

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 September 24, 2017, Cara had 1,249 restaurants, 1,194 of which were located in Canada and the remaining 55 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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