

# GLACIER WATER SERVICES, INC. *Press Release*

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For Release Immediately  
May 13, 2015

## GLACIER WATER ANNOUNCES FIRST QUARTER FISCAL YEAR 2015 RESULTS

VISTA, Calif., May 13, 2015 – Glacier Water Services, Inc. (GWSV.pk) announced results for the first quarter of fiscal year 2015, ended March 29, 2015.

Brian McInerney, Chief Executive Officer of Glacier Water, said, “Our first quarter revenues were \$31,000,000, which represents an increase of \$617,000 or 2.0% over the prior year. Same-store revenues increased 2.4%. Income from operations for the quarter grew from \$83,000 to \$289,000. The Company’s first quarter adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) were \$4,539,000, which represents an increase of 2.4% over the same period last year. At the end of the first quarter, Glacier operated approximately 23,100 machines located at retailers across the U.S. and Canada, providing high quality, great tasting drinking water or premium ice.”

Revenues for the first quarter ended March 29, 2015 increased 2.0% to \$31,000,000 compared to \$30,383,000 for the same period last year. Sales growth was driven primarily by the growth in same-store productivity and the sale of bagged ice through the Company’s ice machine placements.

The Company’s income from operations for the first quarter ended March 29, 2015 was \$289,000 compared to income from operations of \$83,000 for the same period last year. Income from operations for the first quarter of 2015 was positively impacted by the margin generated from growth in revenues, reduced fuel costs, reduced depreciation and amortization expense compared to the prior year and the continued positive leverage associated with the Company’s SG&A spend.

The Company’s net loss applicable to common stockholders for the first quarter ended March 29, 2015 was \$2,849,000 or \$0.86 per basic and diluted share, compared to a net loss of \$2,988,000, or \$0.90 per basic and diluted share for the same period last year. Net loss attributable to non-controlling interests for the first quarter was \$184,000, compared to a net loss of \$193,000 for the prior year.

With approximately 23,100 machines located in 47 states throughout the United States and Canada, Glacier is the leading provider of high quality, low-priced drinking water dispensed to consumers through self-service bottled water machines located at supermarkets and other retail locations.

*Statements in this announcement that are not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. A copy of the Company’s audited financial statements for the year ended December 28, 2014 can be obtained by contacting Steve Stringer at (760) 560-1111.*

(more)

**FINANCIAL RESULTS****GLACIER WATER SERVICES, INC.****GLACIER WATER SERVICES, INC. AND SUBSIDIARIES****Consolidated Statements of Operations**

(In thousands, except share and per share data)

(unaudited)

	<b>Three Months Ended</b>	
	<b>March 30, 2014</b>	<b>March 29, 2015</b>
Revenues	\$ 30,383	31,000
Cost of revenues:		
Operating expenses	21,169	21,666
Depreciation and amortization	4,304	4,203
Total cost of revenues	<u>25,473</u>	<u>25,869</u>
Gross profit	4,910	5,131
Selling, general, and administrative expenses	<u>4,827</u>	<u>4,842</u>
Income from operations	<u>83</u>	<u>289</u>
Other expenses:		
Other expense	465	491
Interest expense	2,699	2,736
Total other expense	<u>3,164</u>	<u>3,227</u>
Loss before income taxes	(3,081)	(2,938)
Income tax expense	<u>100</u>	<u>95</u>
Net loss	\$ (3,181)	(3,033)
Net loss attributable to noncontrolling interest	<u>(193)</u>	<u>(184)</u>
Net loss attributable to Glacier Water Services, Inc.	<u>\$ (2,988)</u>	<u>(2,849)</u>
Basic and diluted net loss per share	\$ (0.90)	(0.86)
Weighted average shares used in calculation	3,310,416	3,310,416

**Pro-Forma, adjusted, EBITDA reconciliation**

(In thousands)

(unaudited)

	<b>Three Months Ended</b>	
	<b>March 30, 2014</b>	<b>March 29, 2015</b>
Income from operations	\$ 83	289
EBITDA adjustments		
Addback of depreciation and amortization	4,304	4,203
Non-cash stock compensation expense	47	47
Adjusted EBITDA	<u>\$ 4,434</u>	<u>4,539</u>

**FINANCIAL RESULTS****GLACIER WATER SERVICES, INC.****GLACIER WATER SERVICES, INC. AND SUBSIDIARIES****Consolidated Balance Sheets**

(In thousands, except share data)

(unaudited)

<b>Assets</b>	<b>December 28, 2014</b>	<b>March 29, 2015</b>
Current assets:		
Cash and cash equivalents	\$ 4,519	4,903
Accounts receivable, net of allowance for doubtful accounts of \$62 and \$61 as of December 28, 2014 and March 29, 2015 respectively	2,844	2,680
Repair parts	5,046	4,929
Prepaid expenses and other current assets	1,347	2,499
Total current assets	<u>13,756</u>	<u>15,011</u>
Property and equipment, net	66,552	65,375
Goodwill	18,747	18,747
Intangible assets, net	4,573	4,392
Investment in Glacier Water Trust I Common Securities	2,629	2,629
Investment in Glacier Water Trust I Preferred Securities	3,648	3,648
Deferred financing costs, net	3,861	3,820
Other assets	973	818
Total assets	<u>\$ 114,739</u>	<u>114,440</u>
<b>Liabilities and Stockholders' Deficit</b>		
Current liabilities:		
Accounts payable	\$ 1,617	1,577
Accrued commissions	4,951	5,337
Accrued liabilities	4,495	5,025
Bank overdraft	2,233	2,669
Total current liabilities	<u>13,296</u>	<u>14,608</u>
Junior subordinated debentures	87,629	87,629
Line of credit	46,500	48,000
Series B junior subordinated debentures	10,466	10,505
Contingent consideration liability	2,225	2,257
Long-term portion of deferred rent	31	36
Total liabilities	<u>160,147</u>	<u>163,035</u>
Commitments and contingencies		
Stockholders' deficit:		
Preferred Stock, \$0.01 par value; liquidation preference \$100 per share; 8% cumulative redeemable convertible; Authorized, 100,000 shares; issued and outstanding, 0 shares at December 28, 2014 and March 29, 2015	-	-
Common stock, \$0.01 par value. Authorized 10,000,000 shares; issued 4,898,022, outstanding 3,310,416 shares at December 28, 2014 and March 29, 2015	50	50
Additional paid-in capital	24,416	24,463
Accumulated deficit	(65,171)	(68,020)
Treasury stock, at cost, 1,587,606 shares at December 28, 2014 and March 29, 2015	(32,562)	(32,562)
Accumulated other comprehensive income	(9)	(210)
Total stockholders' deficit of Glacier Water Services, Inc.	<u>(73,276)</u>	<u>(76,279)</u>
Noncontrolling interest	27,868	27,684
Total stockholders' deficit	<u>(45,408)</u>	<u>(48,595)</u>
Total liabilities and stockholders' deficit	<u>\$ 114,739</u>	<u>114,440</u>