

GLACIER WATER SERVICES, INC. *Press Release*

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For Release Immediately
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GLACIER WATER ANNOUNCES SECOND QUARTER FISCAL YEAR 2015 RESULTS

VISTA, Calif., August 21, 2015 – Glacier Water Services, Inc. (GWSV.pk) announced results for the second quarter of the fiscal year 2015, ended June 28, 2015.

Brian McInerney, Chief Executive Officer of Glacier Water, said, “Our year-to-date revenues increased 1.1% versus the comparable period last year. Same-store revenues increased 0.5% year-to-date. The Company’s first six months of adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) were \$10,599,000, an increase of 1.2%, or \$130,000, over the same period last year. Income from operations for the first six months grew 23.1% to \$2,182,000. At the end of the second quarter, Glacier operated approximately 23,000 machines located at retailers across the U.S. and Canada, providing high quality, great tasting drinking water or premium ice.”

Revenues for the second quarter ended June 28, 2015 increased 0.4% to \$34,107,000 compared to \$33,985,000 for the same period last year. For the six-month period ended June 28, 2015, revenues increased 1.1% to \$65,107,000 compared to \$64,367,000 for the same period last year. Sales growth for the second quarter and six-month period ended June 28, 2015 was driven primarily by growth in ice revenues and partially offset by the impact of closed stores on the water vending side of the business and cooler comparable weather versus last year in key markets.

The Company’s income from operations for the second quarter ended June 28, 2015 increased 11.9% to \$1,892,000 compared to \$1,691,000 for the same period last year. For the six-month period ended June 28, 2015, income from operations increased 23.1% to \$2,182,000 compared to \$1,773,000 for the same period last year. The increase in income from operations was driven by the margin generated from growth in revenues, lower fuel and SG&A costs, and lower depreciation and amortization of \$142,000 and \$245,000, respectively, offset slightly by higher machine maintenance costs.

The Company’s net loss applicable to common stockholders for the quarter ended June 28, 2015 was \$1,825,000 or \$0.55 per basic and diluted share, compared to a net loss of \$1,474,000, or \$0.45 per basic and diluted share for the same period last year. For the six-month period ended June 28, 2015, the net loss applicable to common stockholders was \$4,674,000 or \$1.41 per basic and diluted share, compared to a net loss of \$4,463,000 or \$1.35 per basic and diluted share, for the same period last year. The quarter and six-month period ending June 28, 2015 net loss included a non-recurring charge to other expense of \$518,000 adjusting contingent consideration liability for a 2012 Company acquisition. Excluding the non-recurring charge, the net loss applicable to common stockholders for the six-month period was \$4,156,000, or \$1.25 per basic and diluted share. Net loss attributable to the non-controlling interests for the second quarter and six-month period ended June 28, 2015 were \$118,000 and \$302,000, respectively.

With approximately 23,000 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)

	Three Months Ended		Six Months Ended	
	June 29, 2014	June 28, 2015	June 29, 2014	June 28, 2015
Revenues	\$ 33,985	34,107	64,367	65,107
Cost of revenues:				
Operating expenses	23,172	23,548	44,341	45,215
Depreciation and amortization	4,296	4,154	8,601	8,356
Total cost of revenues	27,468	27,702	52,942	53,571
Gross profit	6,517	6,405	11,425	11,536
Selling, general, and administrative expenses	4,826	4,513	9,652	9,354
Income from operations	1,691	1,892	1,773	2,182
Other expenses:				
Other expense	463	1,011	928	1,502
Interest expense	2,694	2,749	5,393	5,486
Total other expense	3,157	3,760	6,321	6,988
Loss before income taxes	(1,466)	(1,868)	(4,548)	(4,806)
Income taxes expense	100	75	200	170
Net loss	\$ (1,566)	(1,943)	(4,748)	(4,976)
Net loss attributable to noncontrolling interest	(92)	(118)	(285)	(302)
Net loss attributable to Glacier Water Services, Inc.	\$ (1,474)	(1,825)	(4,463)	(4,674)
Basic and diluted net loss per share	\$ 0.45	0.55	1.35	1.41
Weighted average shares used in calculation	3,310,416	3,314,773	3,310,416	3,312,595

Pro-Forma, adjusted, EBITDA reconciliation

(In thousands)

(unaudited)

	Three Months Ended		Six Months Ended	
	June 29, 2014	June 28, 2015	June 29, 2014	June 28, 2015
Income (loss) from operations	\$ 1,691	1,892	1,773	2,182
EBITDA adjustments				
Addback of depreciation and amortization	4,296	4,154	8,601	8,356
Non-cash stock compensation expense	47	14	95	61
Adjusted EBITDA	\$ 6,034	6,060	10,469	10,599

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

(In thousands, except share data)

(unaudited)

Assets	December 28, 2014	June 28, 2015
Current assets:		
Cash	\$ 4,519	5,444
Accounts receivable, net of allowance for doubtful accounts of \$62 as of December 28, 2014 and June 28, 2015	2,844	3,015
Repair parts	5,046	5,094
Prepaid expenses and other current assets	1,347	1,787
Total current assets	<u>13,756</u>	<u>15,340</u>
Property and equipment, net	66,552	64,857
Goodwill	18,747	18,747
Intangible assets, net	4,573	4,212
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	3,780
Other assets	973	656
Total assets	<u>\$ 114,739</u>	<u>113,869</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 1,617	1,808
Accrued commissions	4,951	5,639
Accrued liabilities	4,495	3,893
Bank overdraft	2,233	1,936
Total current liabilities	<u>13,296</u>	<u>13,276</u>
Junior subordinated debentures	87,629	87,629
Line of credit	46,500	50,000
Series B junior subordinated debentures	10,466	10,544
Contingent consideration liability	2,225	2,809
Long-term portion of deferred rent	31	32
Total liabilities	<u>160,147</u>	<u>164,290</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 June 28, 2015	-	-
Common stock, \$0.01 par value. Authorized 10,000,000 shares, issued 4,904,522, outstanding 3,310,416 and 3,316,916 at December 28, 2014 and June 28, 2015, respectively	50	50
Additional paid-in capital	24,416	24,529
Accumulated deficit	(65,171)	(69,845)
Treasury stock, at cost, 1,587,606 shares at December 28, 2014 and June 28, 2015	(32,562)	(32,562)
Accumulated other comprehensive income	(9)	(159)
Total stockholders' deficit of Glacier Water Services, Inc.	<u>(73,276)</u>	<u>(77,987)</u>
Noncontrolling interest	27,868	27,566
Total stockholders' deficit	<u>(45,408)</u>	<u>(50,421)</u>
Total liabilities and stockholders' deficit	<u>\$ 114,739</u>	<u>113,869</u>