

# GLACIER WATER SERVICES, INC. *Press Release*

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For Release Immediately  
November 6, 2015

## GLACIER WATER ANNOUNCES THIRD QUARTER FISCAL YEAR 2015 RESULTS

VISTA, Calif., November 6, 2015 – Glacier Water Services, Inc. (GWSV.pk) announced results for the third quarter of the fiscal year 2015, ended September 27, 2015.

Brian McInerney, Chief Executive Officer of Glacier Water, said, “Our year-to-date revenues increased 2.1% versus the comparable period last year, with third quarter revenue growth of 3.7%. Same-store revenues increased 1.1% year-to-date. The Company’s first nine months of adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) were \$18,804,000, an increase of 2.3%, or \$425,000, over the same period last year. Income from operations for the first nine months grew 16.3% to \$6,236,000. At the end of the third 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 third quarter ended September 27, 2015 increased 3.7% to \$39,092,000 compared to \$37,690,000 for the same period last year. For the nine-month period ended September 27, 2015, revenues increased 2.1% to \$104,199,000 compared to \$102,057,000 for the same period last year. Sales growth for the third quarter and nine-month period ended September 27, 2015 was driven by growth in ice revenues and same store water vending sales productivity, which was partially offset by the impact of closed stores on the water vending side of the business.

The Company’s income from operations for the third quarter ended September 27, 2015 increased 13.0% to \$4,054,000 compared to \$3,589,000 for the same period last year. For the nine-month period ended September 27, 2015, income from operations increased 16.3% to \$6,236,000 compared to \$5,362,000 for the same period last year. The increase in income from operations was driven by the margin generated from growth in revenues, lower fuel costs, and lower depreciation and amortization of \$132,000 and \$377,000, respectively, offset slightly by higher machine maintenance costs.

The Company’s net income applicable to common stockholders for the quarter ended September 27, 2015 was \$687,000 or \$0.21 per basic and diluted share, compared to a net income of \$320,000, or \$0.10 per basic and diluted share for the same period last year. For the nine-month period ended September 27, 2015, the net loss applicable to common stockholders was \$3,985,000 or \$1.20 per basic and diluted share, compared to a net loss of \$4,139,000 or \$1.25 per basic and diluted share, for the same period last year. The nine-month period ending September 27, 2015 net loss included a non-recurring charge to other expense in the second quarter 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 nine-month period was \$3,467,000, or \$1.05 per basic and diluted share. Net income attributable to the non-controlling interests for the third quarter was \$45,000 and the net loss attributable for the nine-month period ended September 27, 2015 was \$258,000.

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)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 28, 2014</b>	<b>September 27, 2015</b>	<b>September 28, 2014</b>	<b>September 27, 2015</b>
Revenues	\$ 37,690	39,092	102,057	104,199
Cost of revenues:				
Operating expenses	25,253	26,223	69,593	71,437
Depreciation and amortization	4,274	4,142	12,875	12,498
Total cost of revenues	<u>29,527</u>	<u>30,365</u>	<u>82,468</u>	<u>83,935</u>
Gross profit	8,163	8,727	19,589	20,264
Selling, general, and administrative expenses	4,574	4,673	14,227	14,028
Income from operations	3,589	4,054	5,362	6,236
Other expenses:				
Other expense	464	500	1,392	2,002
Interest expense	2,684	2,747	8,077	8,232
Total other expense	<u>3,148</u>	<u>3,247</u>	<u>9,469</u>	<u>10,234</u>
Income (loss) before income taxes	441	807	(4,107)	(3,998)
Income taxes expense	100	75	300	245
Net income (loss)	\$ 341	732	(4,407)	(4,243)
Net income (loss) attributable to noncontrolling interest	21	45	(268)	(258)
Net income (loss) attributable to Glacier Water Services, Inc.	\$ <u>320</u>	<u>687</u>	<u>(4,139)</u>	<u>(3,985)</u>
Basic and diluted net income (loss) per share				
Basic net income (loss) per share	\$ 0.10	0.21	(1.25)	(1.20)
Weighted average shares used in calculation	3,310,416	3,316,916	3,310,416	3,315,845
Diluted net income (loss) per share	\$ 0.10	0.21	(1.25)	(1.20)
Weighted average shares used in calculation	3,360,196	3,351,164	3,310,416	3,315,845

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

(In thousands)  
(unaudited)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 28, 2014</b>	<b>September 27, 2015</b>	<b>September 28, 2014</b>	<b>September 27, 2015</b>
Income from operations	\$ 3,589	4,054	5,362	6,236
EBITDA adjustments				
Addback of depreciation and amortization	4,274	4,142	12,875	12,498
Non-cash stock compensation expense	47	9	142	70
Adjusted EBITDA	\$ <u>7,910</u>	<u>8,205</u>	<u>18,379</u>	<u>18,804</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>September 27, 2015</b>
Current assets:		
Cash	\$ 4,519	6,619
Accounts receivable, net of allowance for doubtful accounts of \$62 as of December 28, 2014 and September 27, 2015	2,844	3,504
Repair parts	5,046	5,294
Prepaid expenses and other current assets	1,347	2,252
Total current assets	<u>13,756</u>	<u>17,669</u>
Property and equipment, net	66,552	64,110
Goodwill	18,747	18,747
Intangible assets, net	4,573	4,031
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	3,739
Other assets	973	689
Total assets	<u>\$ 114,739</u>	<u>115,262</u>
<b>Liabilities and Stockholders' Deficit</b>		
Current liabilities:		
Accounts payable	\$ 1,617	1,870
Accrued commissions	4,951	6,322
Accrued liabilities	4,495	4,738
Bank overdraft	2,233	3,310
Total current liabilities	<u>13,296</u>	<u>16,240</u>
Junior subordinated debentures	87,629	87,629
Line of credit	46,500	48,500
Series B junior subordinated debentures	10,466	10,582
Contingent consideration liability	2,225	2,142
Long-term portion of deferred rent	31	32
Total liabilities	<u>160,147</u>	<u>165,125</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 September 27, 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 September 27, 2015, respectively	50	50
Additional paid-in capital	24,416	24,538
Accumulated deficit	(65,171)	(69,156)
Treasury stock, at cost, 1,587,606 shares at December 28, 2014 and September 27, 2015	(32,562)	(32,562)
Accumulated other comprehensive income	(9)	(343)
Total stockholders' deficit of Glacier Water Services, Inc.	<u>(73,276)</u>	<u>(77,473)</u>
Noncontrolling interest	27,868	27,610
Total stockholders' deficit	<u>(45,408)</u>	<u>(49,863)</u>
Total liabilities and stockholders' deficit	<u>\$ 114,739</u>	<u>115,262</u>