

GLACIER WATER SERVICES, INC. *Press Release*

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For Release Immediately
April 17, 2015

GLACIER WATER ANNOUNCES FISCAL YEAR 2014 RESULTS RECORD REVENUES OF \$133 MILLION

VISTA, Calif., April 17, 2015 – Glacier Water Services, Inc. (GWSV.pk) announced results for the fiscal year ended December 28, 2014.

Brian McNerney, Chief Executive Officer of Glacier Water, said, “Our 2014 revenues were \$132,921,000, increasing 6.3% over the prior year, with same-store revenues increasing 5.5%. We continued to optimize our network of water machines across the U.S. and Canada and focused on growth in the in-store ice bagging segment of our business. The Company’s 2014 operating income grew to \$5,458,000, while adjusted earnings before interest, taxes, and depreciation and amortization (EBITDA) increased 8.5% to \$22,854,000. At the end of our fiscal year 2014, Glacier operated approximately 23,400 machines located at retailers across the U.S. and Canada, providing high quality, great tasting drinking water and premium ice.”

Revenues for the year ended December 28, 2014 increased to \$132,921,000 from \$124,995,000, representing a 6.3% increase versus fiscal year 2013. Sales growth was driven by strong growth in water vending same-store productivity and revenue from new ice machine placements during the year.

The Company’s income from operations for the year ended December 28, 2014 was \$5,458,000 compared to \$2,814,000 for the prior year. Income from operations for 2014 was positively impacted by the margin generated from growth in revenues, offset in part by increased operating costs year-over-year to support the machine population, in particular, labor and benefits, fuel and fleet expense and maintenance and repair costs.

The Company’s net loss applicable to common stockholders for the year ended December 28, 2014 was \$7,129,000 or \$2.15 per basic and diluted share, compared to a net loss of \$9,399,000, or \$2.84 per basic and diluted share for the prior year. Net loss attributable to non-controlling interests for the year was \$462,000, which interests relate to the conversion of the Company’s U.S. operating subsidiary, GW Services Inc., from a corporation to a limited liability company in 2012.

With approximately 23,400 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**

Years ended December 29, 2013 and December 28, 2014
(In thousands, except share and per share data)

	<u>2013</u>	<u>2014</u>
Revenues	\$ 124,995	132,921
Cost of revenues:		
Operating expenses	85,848	91,427
Depreciation and amortization	<u>18,064</u>	<u>17,207</u>
Total cost of revenues	<u>103,912</u>	<u>108,634</u>
Gross profit	21,083	24,287
Selling, general, and administrative expenses	<u>18,269</u>	<u>18,829</u>
Income from operations	<u>2,814</u>	<u>5,458</u>
Other expenses:		
Other expense	1,490	1,859
Interest expense	<u>10,718</u>	<u>10,790</u>
Total other expense	<u>12,208</u>	<u>12,649</u>
Loss before income taxes	(9,394)	(7,191)
Income taxes expense	<u>398</u>	<u>400</u>
Net loss	\$ (9,792)	(7,591)
Net loss attributable to noncontrolling interest	<u>(393)</u>	<u>(462)</u>
Net loss attributable to Glacier Water Services, Inc.	<u>\$ (9,399)</u>	<u>(7,129)</u>
Basic and diluted net loss per share	\$ (2.84)	(2.15)
Weighted average shares used in calculation	3,310,200	3,310,416

Pro-Forma, adjusted, EBITDA reconciliation

Years ended December 29, 2013 and December 28, 2014
(In thousands)

	<u>2013</u>	<u>2014</u>
Income from operations	\$ 2,814	5,458
EBITDA adjustments		
Addback of depreciation and amortization	18,064	17,207
Non-cash stock compensation expense	189	189
Adjusted EBITDA	<u>\$ 21,067</u>	<u>22,854</u>

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

December 29, 2013 and December 28, 2014

(In thousands, except share data)

Assets	2013	2014
Current assets:		
Cash and cash equivalents	\$ 4,264	4,519
Accounts receivable, net of allowance for doubtful accounts of \$62 as of December 29, 2013 and December 28, 2014	2,617	2,844
Repair parts	4,344	5,046
Prepaid expenses and other current assets	1,808	1,347
Total current assets	<u>13,033</u>	<u>13,756</u>
Property and equipment, net	69,852	66,552
Goodwill	18,747	18,747
Intangible assets, net	5,474	4,573
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	4,008	3,861
Other assets	1,046	973
Total assets	<u>\$ 118,437</u>	<u>114,739</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 1,608	1,617
Accrued commissions	4,726	4,951
Accrued liabilities	3,854	4,495
Bank overdraft	2,297	2,233
Total current liabilities	<u>12,485</u>	<u>13,296</u>
Junior subordinated debentures	87,629	87,629
Line of credit	43,500	46,500
Series B junior subordinated debentures	10,311	10,466
Contingent consideration liability	2,202	2,225
Long-term portion of deferred rent	91	31
Total liabilities	<u>156,218</u>	<u>160,147</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 29, 2013 and December 28, 2014	-	-
Common stock, \$0.01 par value. Authorized 10,000,000 shares; issued 4,898,022, outstanding 3,310,416 shares at December 29, 2013 and December 28, 2014	50	50
Additional paid-in capital	24,227	24,416
Accumulated deficit	(58,042)	(65,171)
Treasury stock, at cost, 1,587,606 shares at December 29, 2013 and December 28, 2014	(32,562)	(32,562)
Accumulated other comprehensive income	216	(9)
Total stockholders' deficit of Glacier Water Services, Inc.	<u>(66,111)</u>	<u>(73,276)</u>
Noncontrolling interest	28,330	27,868
Total stockholders' deficit	<u>(37,781)</u>	<u>(45,408)</u>
Total liabilities and stockholders' deficit	<u>\$ 118,437</u>	<u>114,739</u>