

# GLACIER WATER SERVICES, INC. *Press Release*

For More Information, Call:  
Steve Stringer, Chief Financial Officer  
(760) 560-1111

For Release Immediately  
April 30, 2014

## GLACIER WATER ANNOUNCES FISCAL YEAR 2013 RESULTS RECORD REVENUES OF \$125 MILLION

VISTA, Calif., April 30, 2014 – Glacier Water Services, Inc. (GWSV.pk) announced results for the fiscal year ended December 29, 2013.

Brian McInerney, Chief Executive Officer of Glacier Water, said, “Our 2013 revenues were \$124,995,000, increasing 11.7% over the prior year with same-store revenues increasing 1%. We continued to expand our network of machines across the U.S. and Canada, adding approximately 300 machines across multiple retail channels. The Company’s annual adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) for 2013 increased by \$3,024,000 to \$21,067,000. During the year we completed the integrations of both the Aqua Fill and the ISBMCO asset acquisitions. At the end of the fiscal year 2013, Glacier operated approximately 23,700 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 29, 2013 increased to \$124,995,000 from \$111,874,000 representing an 11.7% increase versus fiscal year 2012. Sales growth was driven by the increase in machines on location, which included approximately 1,600 machines from the October 2012 Aqua Fill asset acquisition, other new water vending and ice machine placements and from positive growth in same-store productivity.

The Company’s income from operations for the year ended December 29, 2013 was \$2,814,000 compared to \$4,404,000 for the prior year. Income from operations for 2013 was positively impacted by the margin generated from growth in revenues, offset by increased depreciation and amortization of \$4,543,000 associated primarily with the Aqua Fill asset acquisition completed in 2012. Depreciation in 2013 also included a one-time, non-cash vending machine write-off of \$1,539,000. Operating costs increased year-over-year to support the increased machine population, in particular, labor and benefits, maintenance and repair costs.

The Company’s net loss applicable to common stockholders for the year ended December 29, 2013 was \$9,399,000 or \$2.84 per basic and diluted share, compared to a net loss of \$6,143,000, or \$1.88 per basic and diluted share for the prior year. Net loss attributable to non-controlling interests for the year was \$393,000, 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 and subsequent capital contributions by investors of \$14,000,000 in 2013 and \$15,000,000 in 2012.

With approximately 23,700 machines located in 46 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 29, 2013 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 30, 2012 and December 29, 2013  
(In thousands, except share and per share data)

	<u>2012</u>	<u>2013</u>
Revenues	\$ 111,874	124,995
Cost of revenues:		
Operating expenses	76,390	85,848
Depreciation and amortization	<u>13,521</u>	<u>18,064</u>
Total cost of revenues	<u>89,911</u>	<u>103,912</u>
Gross profit	21,963	21,083
Selling, general, and administrative expenses	<u>17,559</u>	<u>18,269</u>
Income from operations	<u>4,404</u>	<u>2,814</u>
Other expenses:		
Other expense	335	1,490
Interest expense	<u>10,255</u>	<u>10,718</u>
Total other expense	<u>10,590</u>	<u>12,208</u>
Loss before income taxes	(6,186)	(9,394)
Income taxes expense	<u>45</u>	<u>398</u>
Net loss	\$ (6,231)	(9,792)
Net loss attributable to noncontrolling interest	<u>(88)</u>	<u>(393)</u>
Net loss attributable to Glacier Water Services, Inc.	<u>\$ (6,143)</u>	<u>(9,399)</u>
Basic and diluted net loss per share	\$ (1.88)	(2.84)
Weighted average shares used in calculation	3,276,673	3,310,200

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

Years ended December 30, 2012 and December 29, 2013  
(In thousands)

	<u>2012</u>	<u>2013</u>
Income from operations	\$ 4,404	2,814
EBITDA adjustments		
Addback of depreciation and amortization	13,521	18,064
Non-cash stock compensation expense	<u>118</u>	<u>189</u>
Adjusted EBITDA	<u>\$ 18,043</u>	<u>21,067</u>

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

December 30, 2012 and December 29, 2013

(In thousands, except share data)

<b>Assets</b>	<b>2012</b>	<b>2013</b>
Current assets:		
Cash and cash equivalents	\$ 5,229	4,264
Accounts receivable, net of allowance for doubtful accounts of \$64 and \$62 as of December 30, 2012 and December 29, 2013, respectively	2,196	2,617
Repair parts	5,142	4,344
Prepaid expenses and other current assets	1,317	1,808
Total current assets	<u>13,884</u>	<u>13,033</u>
Property and equipment, net	67,963	69,852
Goodwill	15,392	18,747
Intangible assets, net	2,537	5,474
Investment in Glacier Water Trust I Common Securities	2,629	2,629
Investment in Glacier Water Trust I Preferred Securities	3,648	3,648
Equity investment and note receivable, net	1,884	-
Deferred financing costs, net	4,143	4,008
Other assets	1,131	1,046
Total assets	<u>\$ 113,211</u>	<u>118,437</u>
<b>Liabilities and Stockholders' Deficit</b>		
Current liabilities:		
Accounts payable	\$ 3,169	1,608
Accrued commissions	4,665	4,726
Accrued liabilities	6,009	3,854
Bank overdraft	2,214	2,297
Total current liabilities	<u>16,057</u>	<u>12,485</u>
Junior subordinated debentures	87,629	87,629
Line of credit	41,500	43,500
Series B junior subordinated debentures	10,157	10,311
Contingent consideration liability	-	2,202
Long-term portion of deferred rent	160	91
Total liabilities	<u>155,503</u>	<u>156,218</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 30, 2012 and December 29, 2013	-	-
Common stock, \$0.01 par value. Authorized 10,000,000 shares; issued 4,867,463 and 4,898,022 shares at December 30, 2012 and December 29, 2013, respectively; outstanding, 3,279,857 and 3,310,416 shares at December 30, 2012 and December 29, 2013, respectively	50	50
Additional paid-in capital	23,682	24,227
Accumulated deficit	(48,643)	(58,042)
Treasury stock, at cost, 1,587,606 shares at December 30, 2012 and December 29, 2013	(32,562)	(32,562)
Accumulated other comprehensive income	418	216
Total stockholders' deficit of Glacier Water Services, Inc.	<u>(57,055)</u>	<u>(66,111)</u>
Noncontrolling interest	14,763	28,330
Total stockholders' deficit	<u>(42,292)</u>	<u>(37,781)</u>
Total liabilities and stockholders' deficit	<u>\$ 113,211</u>	<u>118,437</u>