

GLACIER WATER SERVICES, INC. *Press Release*

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

For Release Immediately
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GLACIER WATER ANNOUNCES FIRST QUARTER FISCAL YEAR 2014 RESULTS

VISTA, Calif., May 13, 2014 – Glacier Water Services, Inc. (GWSV.pk) announced results for the first quarter of the fiscal year 2014, ended March 30, 2014.

Brian McInerney, Chief Executive Officer of Glacier Water, said, “Our first quarter revenues were \$30,383,000, increasing \$1,805,000 or 6.3% over the prior year. Same-store revenues increased 6.7%. The Company’s first quarter adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) were \$4,434,000, increasing 13.5% or \$526,000 over the same period last year. At the end of the first quarter, Glacier operated approximately 23,400 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 30, 2014 increased 6.3% to \$30,383,000 compared to \$28,578,000 for the same period last year. Sales growth was driven by both positive growth in same-store productivity and the number of machines on location.

The Company’s income from operations for the first quarter ended March 30, 2014 was \$83,000 compared to a loss from operations of \$66,000 for the same period last year. Income from operations for the first quarter of 2014 was positively impacted by the margin generated from growth in revenues, offset by increased depreciation and amortization of \$377,000 and increased operating costs, in particular, labor and benefits and vehicle fleet expense.

The Company’s net loss applicable to common stockholders for the first quarter ended March 30, 2014 was \$2,988,000 or \$0.90 per basic and diluted share, compared to a net loss of \$2,937,000, or \$0.89 per basic and diluted share for the same period last year. Net loss attributable to non-controlling interests for the first quarter was \$193,000, compared to a net loss of \$105,000 for the prior year.

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 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**

(In thousands, except share and per share data)

(unaudited)

	Three Months Ended	
	March 31, 2013	March 30, 2014
Revenues	\$ 28,578	30,383
Cost of revenues:		
Operating expenses	20,015	21,169
Depreciation and amortization	3,927	4,304
Total cost of revenues	<u>23,942</u>	<u>25,473</u>
Gross profit	4,636	4,910
Selling, general, and administrative expenses	4,702	4,827
Income (loss) from operations	<u>(66)</u>	<u>83</u>
Other expenses:		
Other expense	244	465
Interest expense	2,719	2,699
Total other expense	<u>2,963</u>	<u>3,164</u>
Loss before income taxes	(3,029)	(3,081)
Income tax expense	13	100
Net loss	<u>\$ (3,042)</u>	<u>(3,181)</u>
Net loss attributable to noncontrolling interest	(105)	(193)
Net loss attributable to Glacier Water Services, Inc.	<u>\$ (2,937)</u>	<u>(2,988)</u>
Basic and diluted net loss per share	\$ (0.89)	(0.90)
Weighted average shares used in calculation	3,309,882	3,310,416

Pro-Forma, adjusted, EBITDA reconciliation

(In thousands)

(unaudited)

	Three Months Ended	
	March 31, 2013	March 30, 2014
Income (loss) from operations	\$ (66)	83
EBITDA adjustments		
Addback of depreciation and amortization	3,927	4,304
Non-cash stock compensation expense	47	47
Adjusted EBITDA	<u>\$ 3,908</u>	<u>4,434</u>

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

(In thousands, except share data)

(unaudited)

Assets	December 29, 2013	March 30, 2014
Current assets:		
Cash and cash equivalents	\$ 4,264	4,759
Accounts receivable, net of allowance for doubtful accounts of \$62 as of December 29, 2013 and March 30, 2014	2,617	2,665
Repair parts	4,344	4,418
Prepaid expenses and other current assets	1,808	2,197
Total current assets	<u>13,033</u>	<u>14,039</u>
Property and equipment, net	69,852	68,853
Goodwill	18,747	18,747
Intangible assets, net	5,474	5,249
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	3,974
Other assets	1,046	871
Total assets	<u>\$ 118,437</u>	<u>118,010</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 1,608	1,770
Accrued commissions	4,726	5,289
Accrued liabilities	3,854	4,445
Bank overdraft	2,297	2,228
Total current liabilities	<u>12,485</u>	<u>13,732</u>
Junior subordinated debentures	87,629	87,629
Line of credit	43,500	45,000
Series B junior subordinated debentures	10,311	10,350
Contingent consideration liability	2,202	2,218
Long-term portion of deferred rent	91	75
Total liabilities	<u>156,218</u>	<u>159,004</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 March 30, 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 March 30, 2014	50	50
Additional paid-in capital	24,227	24,274
Accumulated deficit	(58,042)	(61,030)
Treasury stock, at cost, 1,587,606 shares at December 29, 2013 and March 30, 2014	(32,562)	(32,562)
Accumulated other comprehensive income	216	137
Total stockholders' deficit of Glacier Water Services, Inc.	<u>(66,111)</u>	<u>(69,131)</u>
Noncontrolling interest	28,330	28,137
Total stockholders' deficit	<u>(37,781)</u>	<u>(40,994)</u>
Total liabilities and stockholders' deficit	<u>\$ 118,437</u>	<u>118,010</u>