

GLACIER WATER SERVICES, INC. *Press Release*

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For Release Immediately
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GLACIER WATER ANNOUNCES FISCAL YEAR 2015 RESULTS RECORD REVENUES OF \$138 MILLION

VISTA, Calif., April 22, 2016 – Glacier Water Services, Inc. (GWSV.pk) announced results for the fiscal year ended January 3, 2016.

Brian McInerney, Chief Executive Officer of Glacier Water, said, “Our 2015 revenues were \$138,328,000, increasing 4.1% over the prior year, with same-store revenues increasing 3.2%. We continued to optimize our network of water machines across the U.S. and Canada and focus on growth in the in-store ice bagging segment of our business. The Company’s 2015 operating income grew 32.6% to \$7,235,000, while adjusted earnings before interest, taxes, and depreciation and amortization (EBITDA) increased 5.8% to \$24,183,000. At the end of our fiscal year 2015, we operated approximately 23,000 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 January 3, 2016 increased to \$138,328,000 from \$132,921,000, representing a 4.1% increase versus fiscal year 2014. Sales growth was driven by an increase in the number of ice placements, same-store sales growth of 3.2% resulting from a combination of growth in machine productivity and a 53rd week of sales in the fiscal year 2015 versus 52 weeks in the fiscal year 2014 - estimated at \$2 million in additional revenue, offset slightly by store closures resulting from retail consolidation.

The Company’s income from operations for the year ended January 3, 2016 increased 32.6% to \$7,235,000 compared to \$5,458,000 for the prior 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 \$329,000, offset slightly by higher machine service and maintenance costs.

The Company’s net loss applicable to common stockholders for the year ended January 3, 2016 was \$6,244,000 or \$1.88 per basic and diluted share, compared to a net loss of \$7,129,000, or \$2.15 per basic and diluted share for the prior year. The net loss for fiscal 2015 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 fiscal 2015 was \$5,726,000 or \$1.73 per basic and diluted share. Net loss attributable to non-controlling interests for fiscal 2015 was \$403,000 compared to a net loss of \$462,000 for the prior year.

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 January 3, 2016 can be obtained by contacting Steve Stringer at steve.stringer@glacierwater.com.

(more)

FINANCIAL RESULTS**GLACIER WATER SERVICES, INC.****GLACIER WATER SERVICES, INC. AND SUBSIDIARIES****Consolidated Statements of Operations**Years ended December 28, 2014 and January 3, 2016
(In thousands, except share and per share data)

	<u>2014</u>	<u>2015</u>
Revenues	\$ 132,921	138,328
Cost of revenues:		
Operating expenses	91,427	95,331
Depreciation and amortization	<u>17,207</u>	<u>16,878</u>
Total cost of revenues	<u>108,634</u>	<u>112,209</u>
Gross profit	24,287	26,119
Selling, general, and administrative expenses	<u>18,829</u>	<u>18,884</u>
Income from operations	<u>5,458</u>	<u>7,235</u>
Other expenses:		
Other expense	1,859	2,371
Interest expense	<u>10,790</u>	<u>11,191</u>
Total other expense	<u>12,649</u>	<u>13,562</u>
Loss before income taxes	(7,191)	(6,327)
Income taxes expense	<u>400</u>	<u>320</u>
Net loss	\$ (7,591)	(6,647)
Net loss attributable to noncontrolling interest	<u>(462)</u>	<u>(403)</u>
Net loss attributable to Glacier Water Services, Inc.	<u>\$ (7,129)</u>	<u>(6,244)</u>
Basic and diluted net loss per share	\$ (2.15)	(1.88)
Weighted average shares used in calculation	3,310,416	3,314,796

Pro-Forma, adjusted, EBITDA reconciliationYears ended December 28, 2014 and January 3, 2016
(In thousands)

	<u>2014</u>	<u>2015</u>
Income from operations	\$ 5,458	7,235
EBITDA adjustments		
Addback of depreciation and amortization	17,207	16,878
Non-cash stock compensation expense	189	70
Adjusted EBITDA	<u>\$ 22,854</u>	<u>24,183</u>

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

December 28, 2014 and January 3, 2016

(In thousands, except share data)

Assets	2014	2015
Current assets:		
Cash	\$ 4,519	5,340
Accounts receivable, net of allowance for doubtful accounts of \$62 and \$63 as of December 28, 2014 and January 3, 2016, respectively	2,844	2,995
Repair parts	5,046	5,371
Prepaid expenses and other current assets	1,347	2,111
Total current assets	<u>13,756</u>	<u>15,817</u>
Property and equipment, net	66,552	63,490
Goodwill	18,747	18,747
Intangible assets, net	4,573	3,851
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	3,699
Other assets	973	743
Total assets	<u>\$ 114,739</u>	<u>112,624</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 1,617	1,663
Accrued commissions	4,951	5,703
Accrued liabilities	3,964	4,465
Bank overdraft	2,233	1,984
Total current liabilities	<u>12,765</u>	<u>13,815</u>
Junior subordinated debentures	87,629	87,629
Line of credit	46,500	50,000
Series B Junior subordinated debentures	10,466	10,624
Contingent consideration liability	2,225	2,022
Deferred tax liability	531	838
Long-term portion of deferred rent	31	44
Total liabilities	<u>160,147</u>	<u>164,972</u>
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 January 3, 2016	-	-
Common stock, \$0.01 par value. Authorized, 10,000,000 shares; issued 4,904,522, outstanding 3,310,416 and 3,316,916 shares at December 28, 2014 and January 3, 2016	50	50
Additional paid-in capital	24,416	24,538
Accumulated deficit	(65,171)	(71,415)
Treasury stock, at cost, 1,587,606 shares at December 28, 2014 and January 3, 2016	(32,562)	(32,562)
Accumulated other comprehensive loss	(9)	(424)
Total stockholders' deficit of Glacier Water Services, Inc.	<u>(73,276)</u>	<u>(79,813)</u>
Noncontrolling interest	27,868	27,465
Total stockholders' deficit	<u>(45,408)</u>	<u>(52,348)</u>
Total liabilities and stockholders' deficit	<u>\$ 114,739</u>	<u>112,624</u>