

GLACIER WATER SERVICES, INC. *Press Release*

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For Release Immediately
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GLACIER WATER ANNOUNCES FIRST QUARTER FISCAL YEAR 2016 RESULTS

VISTA, Calif., May 19, 2016 – Glacier Water Services, Inc. (GWSV.pk) announced results for the first quarter ended April 3, 2016.

Brian McInerney, Chief Executive Officer of Glacier Water, said, “Our first quarter revenues were \$31,883,000, increasing 2.8% over the prior year, with same-store revenues increasing 2.7%. Income from operations for the quarter grew 35% to \$389,000, while adjusted earnings before interest, taxes, and depreciation and amortization (EBITDA) increased 1% to \$4,582,000. At the end of the first quarter, we operated approximately 23,100 machines located at retailers across the U.S. and Canada, providing high quality, great tasting drinking water and premium ice.”

Revenues for the first quarter ended April 3, 2016 increased 2.8% to \$31,883,000 from \$31,000,000 for the same period last year. Sales growth was driven by an increase in the number of ice machine placements and same-store water sales growth of 2.7%, offset slightly by the impact of closed stores resulting from retail consolidation.

The Company’s income from operations for the first quarter ended April 3, 2016 increased 34.6% to \$389,000 compared to \$289,000 for the prior year. The increase in income from operations was driven by the margin generated from growth in revenues and slightly lower depreciation and amortization and selling, general, and administrative expenses, offset partially by higher machine service and maintenance costs.

The Company’s net loss applicable to common stockholders for the quarter ended April 3, 2016 was \$2,866,000 or \$0.86 per basic and diluted share, compared to a net loss of \$2,849,000, or \$0.86 per basic and diluted share for the prior year. Net loss attributable to non-controlling interests for the first quarter was \$184,000 for the current and prior year.

With approximately 23,100 machines located in 47 states throughout the United States and Canada, Glacier Water 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
(In thousands, except share and per share data)
(unaudited)

	Three Months Ended	
	March 29, 2015	April 3, 2016
Revenues	\$ 31,000	31,883
Cost of revenues:		
Operating expenses	21,666	22,470
Depreciation and amortization	4,203	4,193
Total cost of revenues	<u>25,869</u>	<u>26,663</u>
Gross profit	5,131	5,220
Selling, general, and administrative expenses	<u>4,842</u>	<u>4,831</u>
Income from operations	<u>289</u>	<u>389</u>
Other expenses:		
Other expense	491	519
Interest expense	<u>2,736</u>	<u>2,830</u>
Total other expense	<u>3,227</u>	<u>3,349</u>
Loss before income taxes	(2,938)	(2,960)
Income taxes expense	<u>95</u>	<u>90</u>
Net loss	\$ (3,033)	(3,050)
Net loss attributable to noncontrolling interest	<u>(184)</u>	<u>(184)</u>
Net loss attributable to Glacier Water Services, Inc.	<u><u>\$ (2,849)</u></u>	<u><u>(2,866)</u></u>
Basic and diluted net loss per share	\$ (0.86)	(0.86)
Weighted average shares used in calculation	3,310,416	3,316,916

Pro-Forma, adjusted, EBITDA reconciliation

(In thousands)
(unaudited)

	Three Months Ended	
	March 29, 2015	April 3, 2016
Income from operations	\$ 289	389
EBITDA adjustments		
Addback of depreciation and amortization	4,203	4,193
Non-cash stock compensation expense	47	0
Adjusted EBITDA	<u><u>\$ 4,539</u></u>	<u><u>4,582</u></u>

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

(In thousands, except share data)

(unaudited)

Assets	January 3, 2016	April 3, 2016
Current assets:		
Cash	\$ 5,340	4,655
Accounts receivable, net of allowance for doubtful accounts of \$63 as of January 3, 2016 and April 3, 2016, respectively	2,995	2,992
Repair parts	5,371	5,506
Prepaid expenses and other current assets	2,111	2,821
Total current assets	<u>15,817</u>	<u>15,974</u>
Property and equipment, net	63,490	63,146
Goodwill	18,747	18,747
Intangible assets, net	3,851	3,671
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	3,699	3,655
Other assets	743	677
Total assets	<u>\$ 112,624</u>	<u>112,147</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 1,663	2,483
Accrued commissions	5,703	5,386
Accrued liabilities	4,465	4,187
Bank overdraft	1,984	1,545
Total current liabilities	<u>13,815</u>	<u>13,601</u>
Junior subordinated debentures	87,629	87,629
Line of credit	50,000	52,500
Series B Junior subordinated debentures	10,624	10,663
Contingent consideration liability	2,022	2,059
Deferred tax liability	838	913
Long-term portion of deferred rent	44	46
Total liabilities	<u>164,972</u>	<u>167,411</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 January 3, 2016 and April 3, 2016	-	-
Common stock, \$0.01 par value. Authorized, 10,000,000 shares; issued 4,904,522, outstanding 3,316,916 shares at January 3, 2016 and April 3, 2016	50	50
Additional paid-in capital	24,538	24,538
Accumulated deficit	(71,415)	(74,281)
Treasury stock, at cost, 1,587,606 shares at January 3, 2016 and April 3, 2016	(32,562)	(32,562)
Accumulated other comprehensive loss	(424)	(290)
Total stockholders' deficit of Glacier Water Services, Inc.	<u>(79,813)</u>	<u>(82,545)</u>
Noncontrolling interest	27,465	27,281
Total stockholders' deficit	<u>(52,348)</u>	<u>(55,264)</u>
Total liabilities and stockholders' deficit	<u>\$ 112,624</u>	<u>112,147</u>