



News Release

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ALLIANCE LAUNDRY HOLDINGS LLC REPORTS 1st QUARTER EARNINGS

Ripon, WI (May 8, 2003) — Alliance Laundry Holdings LLC announced today results for the quarter ended March 31, 2003.

Net revenues for the quarter ended March 31, 2003 increased \$1.4 million, or 2.2%, to \$61.2 million from \$59.8 million for the quarter ended March 31, 2002. Net income for the first quarter of 2003 decreased \$2.5 million to \$1.2 million as compared to net income of \$3.7 million for the first quarter of 2002. Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”)⁽¹⁾ for the first quarter of 2003 decreased \$1.9 million to \$11.2 million as compared to EBITDA of \$13.1 million for the first quarter of 2002.

The overall revenue increase of \$1.4 million was primarily due to higher commercial laundry revenue of \$0.4 million and higher service parts revenue of \$1.0 million. The decrease in net income for the first quarter of 2003 resulted from higher selling, general and administrative expense of \$1.2 million and higher interest expense of \$1.3 million. The decrease in EBITDA of \$1.9 million for the first quarter of 2003 was largely due to the higher selling, general and administrative expense and lower earnings from the Company’s equipment financing program of \$0.7 million.

In announcing the Company’s results today, Chairman and CEO Thomas F. L’Esperance said, “In spite of the challenging economic environment, net revenues grew at a rate of 2.2% in the first quarter of 2003 and earnings were in line with our expectations. We planned for the higher SG&A expenses for the quarter and implemented our price increase program in April to offset for higher operating costs such as pension, insurance and health care. At this point, we remain confident in our ability to achieve our goals for 2003.”

“We will continue to de-lever and focus on marketplace execution, asset management and aggressive cost control,” said L’Esperance.

Alliance Laundry Holdings LLC, headquartered in Ripon, Wisconsin, is a leading manufacturer of commercial laundry products and provider of services for laundromats, multi-housing laundries, on-premise laundries and drycleaners worldwide. The Company offers a full line of washers and dryers for light commercial use as well as large frontloading washers, heavy duty tumbler dryers, and presses and finishing equipment for heavy commercial use. The Company's products are sold under four well known brand names: Speed Queen, UniMac, Huebsch and Ajax.

⁽¹⁾Non-GAAP Financial Measures

In addition to disclosing financial results that are determined in accordance with generally accepted accounting principles (GAAP), the Company also discloses EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization), which is a non-GAAP measure. Management believes that providing this additional information is useful to investors regarding the Company's ability to meet debt service, capital expenditures and working capital requirements and to better assess and understand operating performance. The Company does not intend for the information to be considered in isolation or as a substitute for GAAP measures. Other companies may define EBITDA differently. A reconciliation of EBITDA to net income is provided under the heading Selected Financial Data of this press release.

Safe Harbor for Forward-Looking Statements

With the exception of the reported actual results, this press release contains predictions, estimates and other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended, including, without limitation, statements that include the words "planned" and "expect" or similar expressions and statements relating to growth or performance objectives. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to differ materially from those expressed or implied by such forward-looking statements. Although the Company believes that its plans, intentions and expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurance that such plans, intentions, expectations, objectives or goals will be achieved. Important factors that could cause actual results to differ materially from those included in the forward-looking statements include: impact of competition; continued sales to key customers; possible fluctuations in the cost of raw materials and components; possible fluctuations in currency exchange rates, which affect the competitiveness of the Company's products abroad; market acceptance of new and enhanced versions of the Company's products; the impact of substantial leverage and debt service on the Company and other risks listed from time to time in the Company's reports, including, but not limited to the Company's most recent Annual Report on Form 10-K for the year ended December 31, 2002.

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Financial information for Alliance Laundry Holdings LLC appears on the next three pages, followed by management's discussion and analysis of financial condition and results of operations for the quarter ended March 31, 2003.

ALLIANCE LAUNDRY HOLDINGS LLC
CONSOLIDATED BALANCE SHEETS
(in thousands)

	March 31, 2003	December 31, 2002
	(unaudited)	
Assets		
Current assets:		
Cash.....	\$ 2,675	\$ 7,339
Cash-restricted.....	841	99
Accounts receivable, net.....	9,938	5,834
Inventories, net.....	27,013	25,697
Beneficial interests in securitized accounts receivable.....	17,945	19,864
Prepaid expenses and other.....	3,259	2,954
Total current assets.....	61,671	61,787
Notes receivable, net.....	9,107	11,166
Property, plant and equipment, net.....	38,011	39,096
Goodwill, net.....	55,414	55,414
Beneficial interests in securitized financial assets.....	22,806	21,483
Debt issuance costs, net.....	9,142	9,654
Other assets.....	1,642	1,010
Total assets.....	\$ 197,793	\$ 199,610
Liabilities and Members' Deficit		
Current liabilities:		
Current portion of long-term debt	\$ 9,835	\$ 9,971
Revolving credit facility.....	2,000	-
Accounts payable.....	10,047	13,797
Other current liabilities.....	22,736	21,638
Total current liabilities.....	44,618	45,406
Long-term debt:		
Senior credit facility.....	168,404	173,266
Senior subordinated notes.....	110,000	110,000
Junior subordinated note.....	21,158	20,312
Other long-term debt.....	967	1,028
Deferred income taxes.....	-	-
Other long-term liabilities.....	11,045	10,338
Total liabilities.....	356,192	360,350
Mandatorily redeemable preferred equity.....	6,000	6,000
Members' deficit.....	(164,399)	(166,740)
Total liabilities and members' deficit.....	\$ 197,793	\$ 199,610

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ALLIANCE LAUNDRY HOLDINGS LLC
CONSOLIDATED STATEMENTS OF INCOME
(in thousands)

	Three Months Ended	
	March 31, 2003	March 31, 2002
	(unaudited)	
Net revenues:		
Commercial laundry.....	\$ 51,381	\$ 51,040
Service parts.....	9,780	8,808
	61,161	59,848
Cost of sales.....	44,074	42,793
Gross profit.....	17,087	17,055
Selling, general and administrative expense.....	8,217	6,986
Total operating expense.....	8,217	6,986
Operating income.....	8,870	10,069
Interest expense.....	7,685	6,359
Other income, net.....	-	25
Net income.....	\$ 1,185	\$ 3,735

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ALLIANCE LAUNDRY HOLDINGS LLC
SELECTED FINANCIAL DATA
(in thousands)

	<u>Three Months Ended</u>	
	<u>March 31,</u>	<u>March 31,</u>
	<u>2003</u>	<u>2002</u>
	(Unaudited)	
Other Operating Data:		
EBITDA ⁽¹⁾	11,166	13,081
EBITDA before infrequently occurring and plant relocation costs.....	11,166	13,124
Depreciation and amortization ⁽²⁾	2,807	3,624
Non-cash interest expense included in amortization above ⁽²⁾	511	637
Infrequently occurring costs	-	-
Plant relocation costs included in administrative expense.....	-	43
Capital Expenditures.....	1,134	517
 EBITDA is reconciled to net income as follows:		
Net income.....	1,185	3,735
add: Interest expense.....	7,685	6,359
add: Depreciation and amortization.....	2,807	3,624
less: Non-cash interest expense included in amortization above.....	511	637
EBITDA.....	<u>11,166</u>	<u>13,081</u>
 add: Infrequently occurring items.....	-	-
add: Plant relocation costs included in administrative expense.....	-	43
EBITDA before infrequently occurring and plant relocation costs.....	<u><u>11,166</u></u>	<u><u>13,124</u></u>

⁽¹⁾ “EBITDA”, as presented, represents income before taxes plus depreciation, amortization and interest expense.

⁽²⁾ Depreciation and amortization amounts include amortization of deferred financing costs included in interest expense.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the Three Months Ended March 31, 2003

OVERVIEW

The Company believes it is the leading designer, manufacturer and marketer of stand-alone commercial laundry equipment in North America and a leader worldwide. Under the well-known brand names of Speed Queen, UniMac, Huebsch and Ajax, the Company produces a full line of commercial washing machines and dryers with load capacities from 16 to 250 pounds as well as presses and finishing equipment. The Company's commercial products are sold to four distinct customer groups: (i) laundromats; (ii) multi-housing laundries, consisting primarily of common laundry facilities in apartment buildings, universities and military installations; (iii) on-premise laundries, consisting primarily of in-house laundry facilities of hotels, hospitals, nursing homes and prisons; and (iv) drycleaners.

The unaudited financial statements as of and for the quarter ended March 31, 2003 present the consolidated financial position and results of operations of Alliance Laundry Holdings LLC (the "Company"), including its wholly-owned direct and indirect subsidiaries, Alliance Laundry Systems LLC and Alliance Laundry Corporation.

This discussion and analysis should be read in conjunction with the Financial Statements and Notes thereto included in this report and in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in the Company's Annual Report on Form 10-K (file no. 333-56857) filed with the Securities and Exchange Commission, which includes the audited financial position and operating results of the Company as of and for the year ended December 31, 2002.

RESULTS OF OPERATIONS

The following table sets forth the Company's historical net revenues for the periods indicated:

	Quarter Ended	
	March 31, 2003	March 31, 2002
	(Dollars in millions)	
Net revenues:		
Commercial laundry.....	\$ 51.4	\$ 51.0
Service parts.....	9.8	8.8
	<u>\$ 61.2</u>	<u>\$ 59.8</u>

The following table sets forth certain condensed historical financial data for the Company expressed as a percentage of net revenues for each of the periods indicated:

	Quarter Ended	
	March 31, 2003	March 31, 2002
Net revenues.....	100.0%	100.0%
Cost of sales.....	72.1%	71.5%
Gross profit.....	27.9%	28.5%
Selling, general and administrative expense.....	13.4%	11.7%
Operating income.....	14.5%	16.8%
Net income	1.9%	6.2%

Net revenues. Net revenues for the quarter ended March 31, 2003 increased \$1.4 million, or 2.2%, to \$61.2 million from \$59.8 million for the quarter ended March 31, 2002. This increase was primarily attributable to higher commercial laundry revenue of \$0.4 million and higher service parts revenue of \$1.0 million. The increase in commercial laundry revenue was due primarily to higher North American equipment revenue of \$0.9 million and higher international revenue of \$0.2 million, partially offset by lower earnings from the Company's off-balance sheet equipment financing program of \$0.7 million. The increase in North American equipment revenue was primarily due to higher revenue from laundromats and multi-housing laundries, partially offset by lower revenue from on-premise laundries. The increase in service parts revenue was due to gaining back additional service part sales due to more competitive pricing practices.

Gross profit. Gross profit for the quarter ended March 31, 2003 and March 31, 2002 was \$17.1 million. Favorable manufacturing efficiencies and a recent price increase were offset by the lower earnings from the Company's off-balance sheet equipment financing program. Gross profit as a percentage of net revenues decreased to 27.9% for the quarter ended March 31, 2003 from 28.5% for the quarter ended March 31, 2002. This 0.6% decrease was primarily attributable to the factors discussed above.

Selling, general and administrative expense. Selling, general and administrative expenses for the quarter ended March 31, 2003 increased \$1.2 million, or 17.6%, to \$8.2 million from \$7.0 million for the quarter ended March 31, 2002. The increase in selling, general and administrative expenses was primarily due to higher pension and fringe benefit costs of \$0.5 million, higher sales and marketing expenses of \$0.3 million and higher independent development expenses of \$0.2 million. Selling, general and administrative expenses as a percentage of net revenues increased to 13.4% for the quarter ended March 31, 2003 from 11.7% for the quarter ended March 31, 2002.

Operating income. As a result of the foregoing, operating income for the quarter ended March 31, 2003 decreased \$1.2 million, or 11.9%, to \$8.9 million from \$10.1 million for the quarter ended March 31, 2002. Operating income as a percentage of net revenues decreased to 14.5% for the quarter ended March 31, 2003 from 16.8% for the quarter ended March 31, 2002.

Interest expense. Interest expense for the quarter ended March 31, 2003 increased \$1.3 million, or 20.9%, to \$7.7 million from \$6.4 million for the quarter ended March 31, 2002. Interest expense in 2003 includes an unfavorable non-cash adjustment of \$0.7 million related to a new interest rate swap agreement entered into in the fourth quarter of 2002. Interest expense in 2003 was also higher due to higher interest rates associated with the new swap agreement and higher letter of credit rates within the Company's new Senior Credit Facility.

Net income. As a result of the foregoing, net income for the quarter ended March 31, 2003 decreased \$2.5 million to net income of \$1.2 million as compared to net income of \$3.7 million for the quarter ended March 31, 2002. Net income as a percentage of net revenues decreased to 1.9% for the quarter ended March 31, 2003 from 6.2% for the quarter ended March 31, 2002.