

September 29, 1998

*Coinmach continues to lose cash and not grow.*

On August 5, 1998 Coinmach released its first quarter results claiming "growth capital expenditures" of \$6.6 million and free cash flow of \$8.7 million. Coinmach claims it achieves earnings growth through the economies of scale of denser routes, lower machine costs and higher vending prices. In fact, Coinmach has failed to grow both the revenues and EBITDA of its acquired businesses. Coinmach's cash losses of approximately \$60 million during the last 9 consecutive quarters exceeds its net loss.

For the year ended March 29, 1996 Coinmach had revenues of \$178.8 million and EBITDA of \$49 million. Since then including the most recent quarter, Coinmach has reported 11 acquisitions with cumulative revenues of \$303 million and EBITDA of \$94.9 million. As a result, Coinmach's adjusted 1996 revenues are \$481.8 million and EBITDA is \$143.9 million. These figures do not include any upward adjustments for Coinmach's claimed merger-related cost savings, economies of scale or claimed growth capital expenditures. Despite these large omissions, Coinmach's reported first quarter revenues of \$117.9 million fall well below this highly conservatively adjusted 1996 quarterly revenues of \$120.5 million. Similarly, Coinmach's fiscal 1999 first quarter EBITDA of \$38.4 million is only \$2.4 million above adjusted 1996 EBITDA of \$36.0 million. The 1996 EBITDA figure does not include at least \$5 million of claimed cost savings or earnings from the claimed 33,500 internal growth machines that cost Coinmach an alleged \$40.1 million.

Since March 29, 1996 Coinmach has raised approximately \$595.4 million in debt and two equity offerings. It has spent approximately \$535.2 million on acquisitions. The difference between the amount raised and the amount spent on acquisitions of \$60.2 million approximates Coinmach's cumulative negative cash flow. Coinmach claims that \$40 million of this amount was spent on growth capital expenditures. This still results in a \$19.2 million cash short fall. Furthermore, there is no basis in fact to credit any Coinmach capital expenditures toward growth. The above analysis of adjusted fiscal 1996 revenues and EBITDA clearly establishes that Coinmach has not experienced any growth. In fact, revenues have actually and materially declined.

Coinmach claims it has no need for additional equity capital and may consider a stock repurchase. A far more truthful statement is that Coinmach has no ability to repay its debts. Coinmach's cash obligations greatly exceed its \$694.7 million in debt. Coinmach's debt is permanent while all of its assets are temporary. As its contracts expire Coinmach must pay renewal fees (assuming the contracts are renewed) of at least \$74 million and replace all its existing 744,000 debt-laden machines.

Coinmach Laundry Corporation (NASDAQ: WDRY) (Price: \$11.25)

Short selling involves a risk not associated with the purchase of stock including, but not only limited to, unlimited loss and stock borrowing risks. Additional information is available upon request.