Aaron Rents, Inc. Reports Results For Third Quarter; Revenues And Earnings Increase; Same Store Revenues Up 13.6%

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ATLANTA, Oct 29, 2002 /PRNewswire-FirstCall via COMTEX/ -- Aaron Rents, Inc. (NYSE: RNT), the nation's leader in the rental, sales and lease ownership, and specialty retailing of residential and office furniture, consumer electronics and home appliances and accessories, today announced revenues and earnings for the third quarter of 2002.

For the three months ended September 30, revenues increased 19% to a record $157.8 million compared to $132.5 million for the third quarter of last year. Net earnings increased to $6.7 million versus $1.5 million before one-time charges in 2001. Diluted earnings per share were $.31 compared to $.08 per share before the one-time charges last year. The Company's major division, Aaron's Sales & Lease Ownership, increased revenues 34% to $128.3 million. The division's same store revenue growth for the quarter, which represents revenues from stores open during the entirety of both quarters, was 13.6%.

For the first nine months of this year, revenues advanced 14% to a record $465.7 million compared to $406.7 million for the same period of 2001. Net earnings for the nine months were $19.3 million versus $13.8 million, before the one-time charges. Diluted earnings per share for the first nine months was $.92 for 2002 compared to $.69, before the one-time charges in 2001. Systemwide revenues for the Company, which includes gross revenues of franchised stores, advanced 17% to $639.8 million for the nine months.

In the third quarter of 2001, the Company recorded $5.6 million of one- time, non-cash pre-tax charges pertaining to its rent-to-rent and manufacturing divisions.

"These results reflect the continuing strong growth of our Aaron's Sales & Lease Ownership division," said R. Charles Loudermilk, Sr., Chairman and Chief Executive Officer of Aaron Rents, Inc. "We feel this growth will continue as our stores grow in both volume and profitability."

Systemwide revenues for the Aaron's Sales & Lease Ownership division rose 32% to $186.9 million versus $141.9 million compared to the third quarter a year ago. For the nine month period sales and lease ownership revenues increased 29% to $371.7 million compared to $287.6 million last year, and systemwide revenues advanced 28% to $545.8 million compared to $427.2 million for the first nine months of 2001.

Net earnings were adversely impacted during the third quarter and first nine months of 2002 by approximately $.04 and $.18 diluted earnings per share, respectively, resulting from the start-up expenses associated with the rapid opening of Aaron's Sales & Lease Ownership stores. Diluted earnings per share increased approximately $.04 and $.11 in the quarter and year to date period, respectively, due to a January 1, 2002 change in the method of depreciating merchandise in the Aaron's Sales & Lease Ownership division. In addition, diluted earnings per share increased $.01 and $.03 in the quarter and first nine months, respectively, as a result of the goodwill non-amortization provisions of a new accounting standard.

At the end of August, the Company acquired substantially all of the assets of Sight'n Sound Appliance Centers, Inc., a specialty retailer of furniture, appliances, and electronics with stores located in Oklahoma and Kansas. The cash purchase price, subject to adjustments, will be approximately $8.5 million for inventory and other assets plus the assumption of certain liabilities and real estate obligations. This acquisition added $4 million of retail sales to the Company's results during the third quarter and reduced earnings by approximately $.01 per diluted share. The Company is operating these stores as a separate unit under a new Sight & Sound name and has begun to introduce its sales and lease ownership plan in several of these stores.

"The Sight & Sound acquisition is a test for us to see whether or not we can acquire a traditional retailer and increase its business by providing customers the sales and lease ownership financing transaction," Mr. Loudermilk added. "We plan to have all the Sight & Sound stores offering the sales and lease ownership option by the end of the current fourth quarter, which will improve the profitability of these stores. Early indications are that customers are positively responding to the availability of the lease option."

Also, in August the Company strengthened its balance sheet by issuing $50 million of senior unsecured notes in a private debt transaction. The Company used the proceeds from these notes to pay off outstanding debt under its revolving credit agreement.

The Aaron's Sales & Lease Ownership division increased its store count during the third quarter by 38 stores, five Company-operated stores, eight franchised stores, and 25 Sight & Sound stores, bringing the total of stores open at September 30 to 624. At the end of September the Company also had 70 rent-to-rent stores open.

"We are revising our guidance for 2002, and now expect revenues during the year in excess of $635 million with systemwide revenues exceeding $860 million," Mr. Loudermilk continued. "For the fourth quarter of 2002 we expect diluted earnings per share to be in the range of $.35 to $.37 per share with earnings per share for the full 2002 year in a range of $1.27 to $1.30 per diluted share. Our outlook for 2003 is achieving diluted earnings per share in the range of $1.55 to $1.65."

Aaron Rents, Inc., based in Atlanta, currently has more than 690 Company- operated and franchised stores across the United States and Puerto Rico for the rental and sale of residential and office furniture, accessories, consumer electronics and household appliances. The Company also manufactures furniture, bedding and accessories at 10 facilities in four states.

Note: Forward-looking statements in this news release are based on current expectations and are subject to risks and uncertainties, and actual results may vary materially from the expectations due to such factors as changes in general economic conditions, competition, pricing, customer demand and other issues.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements in this news release regarding Aaron Rents, Inc.'s business which are not historical facts are "forward-looking statements" that involve risks and uncertainties and which could cause actual results to differ from those contained in the forward-looking statements. For a discussion of such risks and uncertainties see "Risk Factors" in the Company's Registration Statement on Form S-3, file number 333-88392, filed with the Securities and Exchange Commission on May 16, 2002, which discussion is incorporated herein by this reference.

Aaron Rents, Inc. and Subsidiaries
Consolidated Statements of Earnings
(In thousands, except per share amounts)

	(Unaudited) Three Months Ended September 30, 2002	2001	(Unaudited) Nine Months Ended September 30, 2002	2001
Revenues:				
Rentals and Fees	$115,369	$99,361	$341,514	$301,966
Retail Sales	17,623	14,931	48,788	46,961
Non-Retail Sales	19,805	14,640	61,069	46,080
Other	5,041	3,584	14,292	11,689
Total	157,838	132,516	465,663	406,696
Costs and Expenses:				
Retail Cost of Sales	13,079	10,860	35,845	34,067
Non-Retail Cost of Sales	18,376	13,767	56,553	43,269
Operating Expenses (1)	73,184	75,061	217,972	207,333
Depreciation of Rental Merchandise	41,394	34,271	121,130	100,338
Interest	1,136	1,715	3,372	5,047
Total	147,169	135,674	434,872	390,054
Earnings (Loss) Before Taxes	10,669	(3,158)	30,791	16,642
Income Taxes (Benefit)	3,948	(1,197)	11,453	6,307
Net Earnings (Loss)	$6,721	($1,961)	$19,338	$10,355
Earnings (Loss) Per Share	$.31	($.10)	$.94	$.52
Earnings (Loss) Per Share Assuming Dilution	$.31	($.10)	$.92	$.51
Weighted Average Shares Outstanding	21,656	19,959	20,647	19,914
Weighted Average Shares Outstanding Assuming Dilution	21,980	19,959	20,965	20,140

(1) Includes $5.6 million in special charges in the third quarter of 2001 relating to the Company's rent-to-rent and manufacturing divisions.

SOURCE Aaron Rents, Inc.

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