



Aaron Rents, Inc. Reports Results for Third Quarter; Revenues and Earnings Up 23%; Aaron's Sales & Lease Ownership Same Store Revenues Up 10.9%

October 28, 2004

ATLANTA, Oct. 28 /PRNewswire-FirstCall/ -- Aaron Rents, Inc. (NYSE: RNT), the nation's leader in the sales and lease ownership, specialty retailing and rental of residential and office furniture, consumer electronics, home appliances and accessories, today announced record revenues and earnings for the third quarter of 2004.

For the three months ended September 30, 2004 revenues increased 23% to \$231.6 million compared to \$188.4 million for the third quarter of 2003. Net earnings for the third quarter also increased 23% to \$10.6 million versus \$8.7 million in 2003. Diluted earnings per share were \$.21 compared to \$.17 per share last year.

For the first nine months of this year, revenues increased 26% to \$704.4 million compared to \$557.4 million for the same period of 2003. Net earnings for the nine months were \$38.8 million versus \$26.2 million for the same period a year ago, a 48% increase. Diluted earnings per share for the first nine months were \$.77 for 2004 compared to \$.53 in 2003.

"Once again we have delivered outstanding results consistent with past results and expectations," said R. Charles Loudermilk, Sr., Chairman and Chief Executive Officer of Aaron Rents. "Our Aaron's Sales & Lease Ownership division continues to outperform all its competitors. We expect our rapid expansion and the resulting increase in market penetration to continue in upcoming periods."

Same store revenues (revenues earned in Company-operated stores open for the entirety of both periods) in the Aaron's Sales & Lease Ownership division increased 10.9% during the third quarter of 2004 compared to the third quarter of 2003. Same store revenues also increased 7.4% for Aaron's Sales & Lease Ownership stores open over two years at the end of September 2004.

Non-retail sales, which are primarily sales of rental merchandise to franchisees, increased to \$36.8 million for the third quarter from \$25.5 million for the quarter a year ago and to \$118.6 million for the first nine months compared to \$81.9 million for the same period last year. Also, included in the Company's other revenues is royalty income from franchisees, which in 2004 increased to \$4.5 million for the third quarter from \$3.5 million for the quarter a year ago and to \$12.8 million for the first nine months compared to \$10.5 million for the nine month period last year. The increases in non-retail sales and royalty income are attributable to an increase in revenues of the Company's franchisees, who collectively had revenues of \$89.3 million during the third quarter and \$261.5 million for the nine months of 2004, 30% and 25% increases from the comparable prior year periods, respectively. Revenues of franchisees, however, are not revenues of Aaron Rents, Inc.

Also included in other revenues for the first nine months is a pre-tax gain of \$5.5 million, or \$.07 per diluted share, realized in the second quarter resulting from the previously announced disposition of the Company's Rainbow Rentals, Inc. stock when Rainbow merged with Rent-A-Center, Inc. in May.

For the third quarter the Aaron's Sales & Lease Ownership division increased its revenues 27% to \$204.3 million compared to \$161.2 million last year, and for the first nine months revenues were \$617.2 million, a 30% increase over the \$473.4 million recorded a year ago.

During third quarter the Company awarded area development agreements to open an additional 65 franchised stores. For the first nine months of this year 146 additional franchised stores have been awarded to existing and new franchise operators. At the end of September there were 314 franchised stores in the pipeline scheduled to open over the next several years.

Also, during the quarter the Aaron's Sales & Lease Ownership division opened 14 new Company-operated stores and 22 new franchised stores. For the first nine months of the year a net of 85 Company-operated and 56 franchised sales and lease ownership stores have been added, including the opening of 43 new Company-operated stores and 55 new franchised stores.

At September 30 the Aaron's Sales and Lease Ownership division operated 585 Company-operated stores and 343 franchised stores. In addition, the Company had 59 rent-to-rent stores for a total of 987 stores, an increase of 17% in store count from the 847 stores open at the end of December 2003.

"Our guidance for 2004 remains unchanged, expecting Company revenues to exceed \$950 million for the year (excluding revenues of franchisees)," Mr. Loudermilk continued. "For the fourth quarter of 2004 we expect diluted earnings per share to be in the range of \$.23 to \$.26 per share with diluted earnings per share for the full 2004 year in a range of \$1.00 to \$1.03. Our guidance for 2005 is also unchanged, anticipating Company revenues in excess of \$1.1 billion and diluted earnings per share in the range of \$1.13 to \$1.20. Our continuing goal is to increase our combined Company-operated and franchised store base over the next several years in excess of 15% per year."

Aaron Rents will hold a conference call to discuss its quarterly financial results on Friday, October 29, 2004, at 11:00 am Eastern Time. The public is invited to listen in to the conference call by webcast accessible through the Company's website, <http://www.aaronrents.com>, in the "Investor Relations" section. The webcast will be archived for playback at that same site.

Aaron Rents, Inc. based in Atlanta, currently has more than 995 Company-operated and franchised stores in 45 states, Canada, 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.

"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 which could cause actual results to differ materially from those contained in the forward-looking statements. These risks and uncertainties include factors such as changes in general economic

conditions, competition, pricing, customer demand and other issues, and the risks and uncertainties discussed under "Certain Factors Affecting Forward Looking Statements" in the Company's Annual Report on Form 10-K for fiscal 2003, which discussion is incorporated herein by this reference. Statements in this release that are "forward-looking" include without limitation Aaron Rents' projected revenues, earnings, and store openings for 2004 and 2005.

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

	(Unaudited)		(Unaudited)	
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2004	2003	2004	2003
Revenues:				
Rentals and Fees	\$173,721	\$141,405	\$516,318	\$403,861
Retail Sales	13,651	15,672	42,700	54,318
Non-Retail Sales	36,831	25,499	118,602	81,926
Other	7,445	5,830	26,807	17,302
Total	231,648	188,406	704,427	557,407
Costs and Expenses:				
Retail Cost of Sales	9,785	11,900	30,158	40,146
Non-Retail Cost of Sales	34,253	23,571	110,268	76,050
Operating Expenses	104,864	88,111	307,615	252,607
Depreciation of Rental Merchandise	63,845	49,630	189,377	142,536
Interest	1,350	1,461	3,824	4,522
Total	214,097	174,673	641,242	515,861
Earnings Before Taxes	17,551	13,733	63,185	41,546
Income Taxes	6,904	5,082	24,336	15,386
Net Earnings	\$10,647	\$8,651	\$38,849	\$26,160
Earnings Per Share	\$.21	\$.18	\$.78	\$.53
Earnings Per Share Assuming Dilution	\$.21	\$.17	\$.77	\$.53
Weighted Average Shares Outstanding (1)	49,711	49,077	49,557	48,905
Weighted Average Shares Outstanding Assuming Dilution (1)	50,681	50,136	50,500	49,728

(1) Shares outstanding adjusted for a 3-for-2 partial stock split effective August 16, 2004.

Selected Balance Sheet Data
(In Thousands)
(Unaudited)

	September 30, 2004	December 31, 2003
Cash	\$150	\$95
Accounts Receivable	32,561	30,878
Rental Merchandise, Net	405,784	343,013
Property, Plant and Equipment, Net	105,729	99,584
Other Assets, Net	95,683	81,722
Total Assets	639,907	555,292

Bank Debt	44,286	13,870
Senior Notes	50,000	50,000
Total Liabilities	278,949	235,106
Shareholders' Equity	\$360,958	\$320,186

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