



Aaron Rents, Inc. Reports Record Results For Third Quarter; Same Store Revenues Up 9.8%; Earnings Up 29%

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ATLANTA, Oct. 28 /PRNewswire-FirstCall/ -- 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 record revenues and earnings for the third quarter of 2003.

For the three months ended September 30, revenues increased 19% to \$188.4 million compared to \$157.8 million for the third quarter a year ago. Net earnings increased 29% to \$8.7 million versus \$6.7 million for the third quarter 2002. Diluted earnings per share for the third quarter were \$.26 compared to \$.20 per share last year.

For the first nine months of this year, revenues increased 20% to \$557.4 million compared to \$465.7 million for the same period of 2002. Net earnings for the nine months were \$26.2 million versus \$19.3 million for the comparable period last year, a 35% increase. Diluted earnings per share for the first nine months were \$.79 for 2003 compared to \$.61 in 2002.

"We are very pleased with these record results in both revenues and earnings," said R. Charles Loudermilk, Sr., Chairman and Chief Executive Officer of Aaron Rents. "Our Aaron's Sales & Lease Ownership division continues to drive our performance, growing rapidly in both revenues and earnings from both new and existing stores. We are confident this growth will continue during the remainder of 2003 and on into 2004."

Same store revenues (revenues earned in Company-operated stores) in the Aaron's Sales and Lease Ownership division for stores open for at least fifteen months at the end of September 2003 increased 9.8% for the third quarter of 2003 compared to the third quarter a year ago. Same store revenues increased 8.2% between the same periods for stores open for at least two years at the end of September 2003.

Non-GAAP systemwide revenues for the Company, which includes gross revenues of franchised stores, advanced 18% to \$254.4 million for the quarter versus \$216.5 million a year ago. For the nine-month period non-GAAP systemwide revenues were \$756.8 million, up 18% from \$639.8 million for the first nine months of last year.

The Aaron's Sales & Lease Ownership division increased its third quarter revenues 26% to \$161.2 million versus \$128.3 million last year. Systemwide revenues for this division rose 22% to \$227.2 million for the third quarter versus \$186.9 million a year ago. Sales and lease ownership revenues for the first nine months of 2003 increased 27% to \$473.4 million compared to \$371.7 million last year, and systemwide revenues for the division advanced 23% to \$672.9 million compared to \$545.8 million for the first nine months of last year.

Non-GAAP systemwide revenues are calculated by adding GAAP revenues to the revenues of the Company's franchisees and subtracting the Company's royalty revenues. Franchisee revenues, however, are not revenues of Aaron Rents, Inc. A table reconciling Company revenues to systemwide revenues and Aaron's Sales & Lease Ownership revenues to the division's systemwide revenues follows below.

The Aaron's Sales & Lease Ownership division increased its store count during the third quarter by a net 39 stores. During the quarter the Company purchased 65 stores, including 20 franchise stores, in seven separate cash transactions. Of the 45 non-franchise stores acquired, 22 were kept open, with the rental contracts of the other 23 stores merged into existing Aaron's stores. In addition, during the quarter three new Company-operated stores were opened and 14 new franchise stores were added. Subsequent to September 30 the Company acquired an additional three franchise stores.

At September 30 the Aaron's Sales and Lease Ownership division had 482 Company-operated stores and 243 franchise stores open. In addition, the Company had 64 rent-to-rent stores.

During the first nine months of 2003 the Company has opened 35 new franchise stores and awarded an additional 26 stores for future opening. At the end of September there were 198 franchise stores awarded that are expected to open over the next several years.

"Our guidance for 2003 remains unchanged, with revenues for the year expected to be in excess of \$750 million and systemwide revenues expected to exceed \$1 billion," Mr. Loudermilk continued. "For the fourth quarter of 2003 we expect diluted earnings per share to be in the range of \$.29 to \$.31 per share with diluted earnings per share for the full 2003 year in a range of \$1.08 to \$1.10 per diluted share. For 2004 we expect diluted earnings per share in the range of \$1.25 to \$1.30. Our goal is to increase our combined Company-operated and franchise store base over the next several years in excess of 10% per year."

Estimated 2003 systemwide revenues includes the Company's estimated revenues, other than approximately \$14 million to \$15 million in royalties, plus anticipated revenues of franchisees of approximately \$265 million to over \$285 million.

Aaron Rents will hold a conference call to discuss its quarterly financial results on Wednesday, October 29, 2003, at 10:30 am Eastern Time. The public is invited to listen in to the conference call by webcast accessible through our website, 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 790 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.

"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 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) | | (Unaudited) | |
|--|--------------------|-----------|-------------------|-----------|
| | Three Months Ended | | Nine Months Ended | |
| | September 30, | | September 30, | |
| | 2003 | 2002 | 2003 | 2002 |
| Revenues: | | | | |
| Rentals and Fees | \$141,405 | \$115,369 | \$403,861 | \$341,514 |
| Retail Sales | 15,672 | 17,623 | 54,318 | 48,788 |
| Non-Retail Sales | 25,499 | 19,805 | 81,926 | 61,069 |
| Other | 5,830 | 5,041 | 17,302 | 14,292 |
| Total | 188,406 | 157,838 | 557,407 | 465,663 |
| Costs and Expenses: | | | | |
| Retail Cost of Sales | 11,900 | 13,079 | 40,146 | 35,845 |
| Non-Retail Cost of Sales | 23,571 | 18,376 | 76,050 | 56,552 |
| Operating Expenses | 88,111 | 73,184 | 252,607 | 217,972 |
| Depreciation of Rental Merchandise | 49,630 | 41,394 | 142,536 | 121,130 |
| Interest | 1,461 | 1,136 | 4,522 | 3,372 |
| Total | 174,673 | 147,169 | 515,861 | 434,871 |
| Earnings Before Taxes | 13,733 | 10,669 | 41,546 | 30,792 |
| Income Taxes | 5,082 | 3,948 | 15,386 | 11,454 |
| Net Earnings | \$8,651 | \$6,721 | \$26,160 | \$19,338 |
| Earnings Per Share | \$0.26 | \$0.21 | \$0.80 | \$0.62 |
| Earnings Per Share Assuming Dilution | \$0.26 | \$0.20 | \$0.79 | \$0.61 |
| Weighted Average Shares Outstanding(A) | 32,718 | 32,484 | 32,603 | 30,971 |
| Weighted Average Shares Outstanding Assuming Dilution(A) | 33,424 | 32,970 | 33,152 | 31,448 |

(A) Shares outstanding adjusted for a 3-for-2 partial stock split effected in the form of a 50% stock dividend distributed August 15, 2003.

Selected Balance Sheet Data
(In Thousands)
(Unaudited)

| | September 30, 2003 | December 31, 2002 |
|------------------------------------|-----------------------|----------------------|
| Cash | \$5,456 | \$96 |
| Accounts Receivable | 25,475 | 26,973 |
| Rental Merchandise, Net | 319,478 | 317,287 |
| Property, Plant and Equipment, Net | 93,500 | 87,094 |
| Total Assets | 522,346 | 483,648 |
| Bank Debt | - | 7,325 |

| | | |
|----------------------|-----------|-----------|
| Senior Notes | 50,000 | 50,000 |
| Total Liabilities | 212,585 | 203,103 |
| Shareholders' Equity | \$309,761 | \$280,545 |

Reconciliation of Company Revenues to Systemwide Revenues
(In thousands, except per share amounts)

| | (Unaudited) Three Months Ended September 30, 2003 | | (Unaudited) Nine Months Ended September 30, 2003 | |
|--------------------------|--|-----------|---|-----------|
| | 2003 | 2002 | 2003 | 2002 |
| Total Company Revenues | \$188,406 | \$157,838 | \$557,407 | \$465,663 |
| Royalty Revenues | (3,473) | (3,087) | (10,496) | (9,166) |
| Franchisees' Revenues | 69,460 | 61,735 | 209,920 | 183,320 |
| Systemwide Revenues | \$254,393 | \$216,486 | \$756,831 | \$639,817 |
| Sales & Lease Ownership: | | | | |
| Revenues | \$161,243 | \$128,278 | \$473,438 | \$371,673 |
| Royalty Revenues | (3,473) | (3,087) | (10,496) | (9,166) |
| Franchisees' Revenues | 69,460 | 61,735 | 209,920 | 183,320 |
| Systemwide Revenues | \$227,230 | \$186,926 | \$672,862 | \$545,827 |

SOURCE Aaron Rents, Inc.

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