Aaron Rents, Inc. Revises Revenue and Earnings Expectations; Acquires Additional Heilig-Meyers Real Estate Locations

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ATLANTA, Jul 5, 2001 /PRNewswire/ -- 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, today announced revised revenue and earnings targets for the second quarter and the remainder of 2001.

The Company also announced last week's acquisition of 52 additional Heilig-Meyers real estate locations.

Total Company revenues for the second quarter ended June 30 are expected to be up 9% from last year's quarter. Revenues from the Company's sales and lease ownership division will be up over 20% compared to the previous year's quarter and same store revenues from sales and lease ownership stores open in comparable quarters are anticipated to increase more than 10%. The 91 unit rent-to-rent division has experienced a more than 9% decline in same store revenue during the second quarter with an anticipated over 40% decline in earnings from a year ago. The Company feels that the soft economy has caused this decline as this smaller division's primary customers are in the corporate sector.

The Company's sales and lease ownership division continues to expand its store count very dramatically. During the first half of the year the Company added 32 Company-operated stores and has set the goal to open another 60 Company-operated stores in the third and fourth quarters for a total of 92 new stores in 2001. In addition, 15 franchised stores opened in the first two quarters and it is projected that 21 will open in the last half for a total gain of 36 stores. Total sales and lease ownership store count should rise from 456 stores open at January 1, 2001 to approximately 584 on January 1, 2002, a 28% increase.

The significant downturn in the Company's rent-to-rent division as well as the "new store drag" associated with the accelerated store openings of former Heilig-Meyers stores will negatively affect earnings for the second quarter and remainder of the fiscal year. Expected diluted earnings per share for the second quarter will be $.08 to $.10 per share less than for the same period a year ago. The Company estimates that diluted earnings per share for the third quarter of the current fiscal year will be similar to the second quarter, and the Company projects diluted earnings per share for the full fiscal year being in the range of $1.10 to $1.20 per share, compared to $1.37 per share for the year 2000. Revenues for the Company in 2001 are expected to exceed $565 million and systemwide revenues, which includes franchised stores' revenues, are expected to be over $750 million for the year.

"Overall, we are having a fine year," said R. Charles Loudermilk, Sr., Chairman and Chief Executive Officer. "We are cutting expenses in our rent-to-rent division as well as reducing store count by merging stores. The acquired former Heilig-Meyers locations have very favorable lease rates and allow us to greatly increase our Company-operated store opening schedule. I feel that we will capture a large number of former Heilig-Meyers customers in our existing stores, as well as the former Heilig-Meyers locations we have recently acquired."

The Company plans to release second quarter results at the end of the day on July 26 followed by a conference call at 11:00 AM EDT on July 27.

Aaron Rents, Inc., based in Atlanta, currently has more than 590 Company-operated and franchised stores in 42 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 11 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 1993: 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 from those contained in the forward-looking statements. For a discussion of such risks and uncertainties, see "Risk Factors" in the Company's Annual Report on Form 10-K for fiscal 2000, which discussion is incorporated herein by this reference.

SOURCE Aaron Rents, Inc.

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