



Aaron Rents, Inc. Reports Record First Quarter Revenues and Earnings; Same Store Revenues Up 8.3%; Earnings Up 44%; Raises Forecast for Year

April 27, 2005

ATLANTA, April 27, 2005 /PRNewswire-FirstCall via COMTEX/ -- 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 and home appliances and accessories, today announced record revenues and earnings for the first quarter of 2005.

For the three months ended March 31, revenues increased 15% to \$279.3 million compared to \$242.5 million for the first quarter in 2004. Net earnings increased 44% to \$18.4 million versus \$12.8 million a year ago. Diluted earnings per share were \$.36 compared to \$.26 per share last year.

"These results exceeded our expectations and are a great start to what we feel will be another record year for the Company," said R. Charles Loudermilk, Sr., Chairman and Chief Executive Officer of Aaron Rents. "All aspects of our business showed strong growth during the quarter, and based upon these results we are raising our profit forecast for the remainder of the year."

The Aaron's Sales & Lease Ownership division increased its revenues 16% to \$248.7 million compared to \$214.5 million last year. 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 8.3% during the first quarter of 2005 compared to the first quarter of 2004. Same store revenues also increased 4.9% for Aaron's Sales & Lease Ownership stores open over two years at the end of March 2005.

Rentals and fees for the quarter increased 21% and franchise royalties and fees increased 22%. These revenue increases were offset by a slight decline in sales, most significantly non-retail sales to Aaron's Sales & Lease Ownership franchisees. Non-retail sales are low margin sales to franchisees of rental merchandise from the Company's fulfillment centers, and vary from quarter to quarter based upon product demand and availability.

The increase in the Company's franchise revenues is the result of an increase in revenues of the Company's franchisees, who collectively had revenues of \$108.3 million during the first quarter of 2005, a 24% increase over the comparable prior year period. Revenues of franchisees, however, are not revenues of Aaron Rents, Inc.

During the first quarter the Aaron's Sales & Lease Ownership division opened 22 new Company-operated stores and 12 new franchised stores. In addition, during the quarter the Company acquired eight franchised stores, acquired one store from an independent rental operator, and acquired the accounts from five other third party stores, with one of the account purchases being sold to one of the Company's franchisees.

During 2005 the Company awarded area development agreements to open 29 additional franchised stores. At the end of March there were 316 franchise stores awarded that are expected to open over the next several years.

At March 31 the Aaron's Sales and Lease Ownership division operated 646 Company-operated stores and 361 franchise stores. In addition, the Company had 58 rent-to-rent stores.

During the quarter the Company's bank debt declined from \$45.5 million at December 31, 2004 to \$13.9 million at March 31, 2005. The Company has Board authorization to purchase 2,670,502 of Aaron Rents common shares.

"Our guidance for the second quarter of 2005 is to expect revenues in excess of \$270 million and diluted earnings per share in the range of \$.30 to \$.32, compared to \$.24 per share, excluding a one time gain, in the second quarter of 2004," Mr. Loudermilk continued. "For the entire 2005 year we are raising our earnings guidance and expect Company revenues in excess of \$1.1 billion (excluding revenues of franchisees) and diluted earnings per share in the range of \$1.20 to \$1.25. Our new store opening plans remain as planned, increasing our store count between 15% and 20% per year over the next several years."

Diluted earnings per share for the second quarter and fiscal year of 2004 included a \$.07 per share gain from the disposition of the Company's Rainbow Rentals, Inc. stock when Rainbow merged with Rent-A-Center, Inc. in May, 2004.

"At current stock price levels and based upon our future outlook, we also plan to reinitiate our stock buyback program," said Mr. Loudermilk.

Aaron Rents will hold a conference call to discuss its quarterly financial results on Wednesday, April 27, 2005, at 4:30 pm 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 1,065 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 2004, which discussion is incorporated herein by this reference. Statements in this release that are "forward-looking" include without limitation Aaron Rents' projected revenues, earnings, store openings, and stock

repurchase program.

Aaron Rents, Inc. and Subsidiaries

Consolidated Statements of Earnings
(In thousands, except per share amounts)

	(Unaudited)	
	Three Months Ended	
	March 31,	
	2005	2004
Revenues:		
Rentals and Fees	\$209,145	\$172,372
Retail Sales	16,043	16,471
Non-Retail Sales	45,571	46,499
Franchise Royalties and Fees	7,191	5,916
Other	1,398	1,235
Total	279,348	242,493
Costs and Expenses:		
Retail Cost of Sales	10,736	11,710
Non-Retail Cost of Sales	42,633	43,306
Operating Expenses	119,631	102,093
Depreciation of Rental Merchandise	75,130	63,470
Interest	1,600	1,208
Total	249,730	221,787
Earnings Before Taxes	29,618	20,706
Income Taxes	11,196	7,889
Net Earnings	\$18,422	\$12,817
Earnings Per Share	\$.37	\$.26
Earnings Per Share Assuming Dilution	\$.36	\$.26
Weighted Average Shares Outstanding (1)	49,767	49,324
Weighted Average Shares Outstanding Assuming Dilution (1)	50,747	50,259

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

Selected Balance Sheet Data
(In Thousands)

	(Unaudited)	
	March 31,	December 31,
	2005	2004
Cash	\$4,473	\$5,865
Accounts Receivable, Net	36,774	32,736
Rental Merchandise, Net	437,716	425,567
Property, Plant and Equipment, Net	114,725	111,118
Other Assets, Net	115,577	125,002
Total Assets	709,265	700,288
Bank Debt	13,916	45,528
Senior Notes	50,000	50,000
Total Liabilities	315,962	325,110
Shareholders' Equity	\$393,303	\$375,178

SOURCE Aaron Rents, Inc.

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