



## **Aaron Rents, Inc. Reports Record First Quarter; Same Store Revenues up 13.7%; Raises Outlook for Year**

April 26, 2004

ATLANTA, April 26 /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 first quarter of 2004.

The Company's fast-growing Aaron's Sales & Lease Ownership division increased revenues 33% during the quarter compared to the same quarter a year ago, including a 13.7% increase in same store revenues.

"We couldn't be more pleased with the results of the Aaron's Sales & Lease Ownership division," said R. Charles Loudermilk, Sr., Chairman and Chief Executive Officer of Aaron Rents. "The demand for the products and services we provide has been extremely strong, and our unique sales and lease ownership concept is enabling us to expand and increase our penetration into this large market. Our first quarter results were better than expectations and we are raising our revenue and earnings forecasts for the remainder of the year."

For the three months ended March 31, 2004 revenues advanced 27% to \$242.5 million compared to \$191.3 million for the first quarter of 2003. Net earnings for the first quarter increased 47% to \$12.8 million, or \$.38 per diluted share, compared to \$8.7 million, or \$.27 per diluted share, for the same period last year. Revenues for the Company's Aaron's Sales & Lease Ownership division increased 33% for the quarter to \$214.5 million versus \$161.9 million in the first quarter of last year. The Company's non-GAAP systemwide revenues, which includes gross revenues of franchised stores, advanced 24% to \$321.6 million compared to \$259.5 million a year ago. Systemwide revenues for the Aaron's Sales & Lease Ownership division were \$293.6 million, a 28% increase over the \$230.1 million in the first quarter of 2003. A table reconciling Company revenues to systemwide revenues is presented below.

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 13.7% during the first quarter of 2004 compared to first quarter of 2003. Same store revenues increased 12.7% for stores open over two years at the end of March 2004.

During the first quarter the Company awarded area development agreements to various independent operators to open 53 new Aaron's Sales & Lease Ownership franchise stores. At the end of March there were 266 franchise stores awarded that are scheduled to open over the next several years.

The Company acquired six stores during the quarter, including two franchise stores, and contracts and related merchandise of two additional stores. The Company's franchisees also purchased the contracts and related merchandise of eight third party stores, keeping six of the acquired stores open. Including these acquisitions, the Aaron's Sales & Lease Ownership division increased its store count during the first quarter by 43 stores, 18 Company-operated stores and 25 franchised stores, bringing the total number of stores open at March 31 to 830. At the end of March the Company also had 60 rent-to-rent stores open.

"For the second quarter of 2004 we expect revenues to be over \$225 million and diluted earnings per share in the range of \$.44 to \$.46 per share, which includes an anticipated \$.10 per diluted share gain on the disposition of our Rainbow Rentals stock in Rainbow Rentals' proposed merger with Rent-A-Center," Mr. Loudermilk continued. "We are increasing our guidance for the full year 2004, expecting Company revenues to exceed \$950 million (excluding revenues of franchisees), more than a 24% increase over 2003, with diluted earnings per share in the range of \$1.48 to \$1.53, compared to the \$1.10 diluted per share recorded in 2003. Our new store opening plans are unchanged, adding approximately 140 new stores in 2004, a combination of Company-operated and franchised stores, and we will also further look for acquisition opportunities."

Rainbow Rentals, Inc. has scheduled a special meeting of shareholders for May 12, 2004 to vote on a proposed merger with Rent-A-Center, Inc. According to the definitive proxy material sent to all Rainbow shareholders in April 2004, subject to shareholder approval and satisfaction of closing conditions, the merger is expected to close in May 2004.

Aaron Rents will hold a conference call to discuss its quarterly financial results on Tuesday, April 27, 2004, at 8:30 am Eastern Time. The public is invited to listen in to the call by webcast accessible through the Company's website, [www.aaronrents.com](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 over 890 Company-operated and franchised stores in the United States, Puerto Rico, and Canada 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.

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

	(Unaudited)	
	Three Months Ended	
	March 31,	
	2004	2003
Revenues:		
Rentals and Fees	\$172,372	\$131,037
Retail Sales	16,471	23,038
Non-Retail Sales	46,499	31,557
Other	7,151	5,628
Total	242,493	191,260
Costs and Expenses:		
Retail Cost of Sales	11,710	16,855
Non-Retail Cost of Sales	43,306	29,402
Operating Expenses	102,093	83,119
Depreciation of Rental Merchandise	63,470	46,389
Interest	1,208	1,588
Total	221,787	177,353
Earnings Before Taxes	20,706	13,907
Income Taxes	7,889	5,159
Net Earnings	\$12,817	\$8,748
Earnings Per Share	\$.39	\$.27
Earnings Per Share Assuming Dilution	\$.38	\$.27
Weighted Average Shares Outstanding	32,883	32,528
Weighted Average Shares Outstanding Assuming Dilution	33,506	32,913

Selected Balance Sheet Data  
(In thousands)  
(Unaudited)

	March 31, 2004	December 31, 2003
Cash	\$95	\$95
Accounts Receivable	33,165	30,878
Rental Merchandise, Net	365,681	343,013
Property, Plant and Equipment, Net	99,813	99,584
Total Assets	584,186	555,292
Bank Debt	11,736	13,870
Senior Notes	50,000	50,000
Total Liabilities	245,846	235,106
Shareholders' Equity	\$338,340	\$320,186

Reconciliation of Company Revenues to Systemwide Revenues (1)  
(In thousands)

	Three Months Ended	
	March 31,	
	2004	2003
Total Company Revenues	\$242,493	\$191,260

Royalty Revenues	(4,198)	(3,590)
Franchisees' Revenues	83,281	71,800
Systemwide Revenues	\$321,576	\$259,470
Sales & Lease Ownership Revenues	\$214,519	\$161,898
Royalty Revenues	(4,198)	(3,590)
Franchisees' Revenues	83,281	71,800
Systemwide Revenues	\$293,602	\$230,108

(1) 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's revenues, however, are not revenues of Aaron Rents, Inc.

SOURCE Aaron Rents, Inc.

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