



Aaron Rents, Inc. Reports Record Revenues and Earnings For Fourth Quarter; Sees Continued Growth in 2003

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ATLANTA, Feb 26, 2003 /PRNewswire-FirstCall via COMTEX/ -- 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 revenues and earnings for the fourth quarter and the year 2002. The fourth quarter results were both Company records in revenues and earnings.

For the three months ended December 31, revenues increased 25% to a record \$175.0 million compared to \$140.0 million for the fourth quarter of last year. Net earnings increased to a record \$8.1 million versus \$2.0 million a year ago. Diluted earnings per share were \$.37 compared to \$.10 per share last year.

For the year, revenues advanced 17% to a record \$640.7 million compared to \$546.7 million for the same period of 2001. Net earnings for the year were \$27.4 million versus \$12.3 million. Diluted earnings per share were \$1.29 for 2002 compared to \$.79 per share last year, excluding non-cash charges in the third quarter of 2001, a 63% increase. Systemwide revenues for the Company, which includes gross revenues of franchised stores, advanced 19% to \$874.7 million for the year.

In the third quarter of 2001, the Company recorded \$5.6 million of non-cash pre-tax charges pertaining to its rent-to-rent and manufacturing divisions. The effect of these charges reduced earnings in 2001 by \$.18 per diluted share to \$.61 per diluted share.

"Over the last few years we have dramatically increased the number of our Aaron's Sales & Lease Ownership stores, taking advantage of opportunities in the marketplace," said R. Charles Loudermilk, Sr., Chairman and Chief Executive Officer of Aaron Rents, Inc. "Our plan for 2002 was to focus on building volume in our newly opened Company-operated stores, grow our franchise program, and continue to increase quarterly earnings. We met these goals for the year, and are very confident that this upward momentum will continue into 2003."

The Company's major division, Aaron's Sales & Lease Ownership, increased revenues 37%, including approximately \$12 million of revenue relating to the recently acquired Sight & Sound stores, to \$147.3 million. Systemwide revenues of Company and franchised stores in the Aaron's Sales & Lease Ownership division rose 33% to \$207.2 million versus \$156.3 million compared to the fourth quarter a year ago. For the year, Aaron's Sales & Lease Ownership revenues increased 31% to \$519.0 million compared to \$394.8 million last year, and systemwide revenues in the division advanced 29% to \$753.0 million compared to \$583.5 million for 2001. The division's same store revenues from Company-operated stores open in comparable periods grew 20.2% in the fourth quarter and 13.0% for the year.

Net earnings for the Company were adversely impacted during the fourth quarter and year of 2002 by approximately \$.02 and \$.20 diluted earnings per share, respectively, resulting from the start-up expenses associated with the rapid opening of Aaron's Sales & Lease Ownership stores. In addition, the fourth quarter was adversely affected by approximately \$.05 per share, \$.06 per share year-to-date, by the results of the Company's Sight & Sound stores. Diluted earnings per share increased approximately \$.03 and \$.14 in the quarter and year-to-date period, respectively, due to a January 1, 2002 change in the method of depreciating merchandise in the Aaron's Sales & Lease Ownership division. In addition, diluted earnings per share increased \$.01 and \$.04 in the quarter and year, respectively, as a result of the goodwill non-amortization provisions of a new accounting standard.

During the fourth quarter the Company awarded area development agreements to open 95 new Aaron's Sales & Lease Ownership franchise stores. For the full fiscal year the Company awarded area development agreements for the opening of 151 additional franchise stores. The backlog of franchise stores to open over the next three to four years was 213 stores at the end of 2002, an all-time high for the Company.

The Aaron's Sales & Lease Ownership division increased its store count during the fourth quarter by 20 stores, 13 Company-operated stores and seven franchised stores, bringing the total Aaron's Sales & Lease Ownership stores open at December 31, 2002 to 619, including 232 franchised stores. At the end of December, the Company also had 25 Sight & Sound stores and 70 rent-to-rent stores open.

"For the first quarter of 2003 we expect revenues in the range of \$179 million to \$182 million and diluted earnings per share in the range of \$.38 to \$.40 per share," Mr. Loudermilk continued. "We anticipate adding approximately 30 Company-operated and 50 franchised Aaron's Sales & Lease Ownership stores in 2003, and expect Company revenues during the year 2003 to range from \$720 million to \$740 million with systemwide revenues exceeding \$1 billion, and earnings per share between \$1.55 to \$1.65 per diluted share."

Aaron Rents, Inc., based in Atlanta, currently has more than 720 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.

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 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 and 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 Prospectus filed with the Securities and Exchange Commission on June 7, 2002, which discussion is incorporated herein by this reference.

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2002	2001	2002	2001
Revenues:				
Rentals and Fees	\$117,665	\$101,419	\$459,179	\$403,385
Retail Sales	23,910	13,520	72,698	60,481
Non-Retail Sales	27,900	20,132	88,969	66,212
Other	5,550	4,914	19,842	16,603
Total	175,025	139,985	640,688	546,681
Costs and Expenses:				
Retail Cost of Sales	18,011	9,920	53,856	43,987
Non-Retail Cost of Sales	25,855	18,730	82,407	61,999
Operating Expenses(1)	75,374	69,349	293,346	276,682
Depreciation of Rental Merchandise	41,530	37,562	162,660	137,900
Interest	1,395	1,211	4,767	6,258
Total	162,165	136,772	597,036	526,826
Earnings Before Taxes	12,860	3,213	43,652	19,855
Income Taxes	4,758	1,212	16,212	7,519
Net Earnings	\$8,102	\$2,001	\$27,440	\$12,336
Earnings Per Share	\$.37	\$.10	\$1.31	\$.62
Earnings Per Share Assuming Dilution	\$.37	\$.10	\$1.29	\$.61
Weighted Average Shares Outstanding	21,685	19,969	20,909	19,928
Weighted Average Shares Outstanding Assuming Dilution	22,000	20,153	21,233	20,141

(1) Includes \$5.6 million in non-cash charges in the third quarter of 2001 relating to the Company's rent-to-rent and manufacturing divisions.

SOURCE Aaron Rents, Inc.

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