



## **Aaron Rents, Inc. Reports Record Second Quarter Revenues and Earnings; Same Store Revenues Up 7.3%; Earnings Guidance Raised**

July 27, 2005

ATLANTA, July 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 second quarter revenues and earnings for the three months ended June 30, 2005.

For the second quarter of 2005, revenues increased 18% to \$271.3 million compared to \$230.3 million for the second quarter in 2004. Net earnings increased to \$16.1 million versus \$15.4 million for the same period a year ago. Diluted earnings per share were \$.32 compared to \$.30 per share last year (which included a \$.07 per share gain on the disposition of Rainbow Rentals stock).

For the first six months of this year, revenues advanced 16% to a record \$550.7 million compared to \$472.8 million for the first half of 2004. Net earnings for the first half were up 22% to a record \$34.5 million versus \$28.2 million for the corresponding period last year. Diluted earnings per share for the first six months were \$.68 for 2005 and \$.56 for 2004.

"We continue to execute the plans we have articulated to our investors over a number of years," said R. Charles Loudermilk, Sr., Chairman and Chief Executive Officer of Aaron Rents. "In recent years, our business has thrived even in periods of uncertain strength in overall consumer spending habits. Our growth prospects are, as they have been, excellent and we are well on our way to meeting our operating and financial objectives for the year."

Included in the Company's other revenue in the 2005 second quarter and six month results is a \$565,000 gain realized from the sale of Rent-Way, Inc. common stock which the Company purchased in various open market transactions. In addition, results for the second quarter and six months of 2004 included \$5.5 million in other revenue and a corresponding \$3.4 million after-tax gain, or \$.07 diluted per share, from the disposition of the Company's Rainbow Rentals, Inc. stock when Rainbow merged with Rent-A-Center, Inc. in May 2004. Excluding the revenue and profit from these two stock transactions in all periods, revenues would have been up 20% for the second quarter and 18% for the six months of 2005, and earnings would have been up 31% for the second quarter and 38% for the six months of this year. A schedule reconciling the Company's revenues and earnings excluding the effect of these stock transactions to its revenues and earnings determined in accordance with GAAP follows the statement of earnings and balance sheet data accompanying this release.

Rentals and fees for both the second quarter and first six months increased 21% over the previous year. In addition, franchise royalties and fees increased 27% for the second quarter and 24% year-to-date. Non-retail sales, which are primarily sales of rental merchandise to Aaron's Sales & Lease Ownership franchisees, increased to \$42.2 million for the second quarter from \$35.3 million in the comparable period in 2004 and to \$87.8 million for the first six months compared to \$81.8 million for the same period last year. The increases in the Company's franchise revenues and the shipments of non-retail sales are the result of the increase in revenues of the Company's franchisees, who collectively had revenues of \$209.5 million for the first six months of 2005, a 22% increase over the comparable prior year period. Revenues of franchisees, however, are not revenues of Aaron Rents, Inc.

The Aaron's Sales & Lease Ownership division increased its second quarter revenues 22% to \$241.5 million compared to \$198.3 million last year. First six months sales and lease ownership revenues increased 19% to \$490.2 million compared to \$412.9 million a year ago.

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 7.3% during the second quarter of 2005 compared to the second quarter of 2004. Same store revenues also increased 4.0% for Aaron's Sales & Lease Ownership stores open over two years at the end of June 2005.

During the second quarter the Aaron's Sales & Lease Ownership division opened 17 new Company-operated stores and 18 new franchised stores. In addition, during the quarter the Company acquired 11 franchised stores, acquired 10 stores from independent rental operators, and purchased the accounts of 17 other third party stores.

Through the three months and six months ended June 30, the Company awarded area development agreements to open 8 and 37 additional franchised stores, respectively. At the end of June there were a total of 304 franchised stores awarded that will open over the next several years.

At June 30 the Aaron's Sales and Lease Ownership division had 684 Company-operated stores and 368 franchise stores. In addition, the Company operated 59 rent-to-rent stores.

"Our guidance for the third quarter of 2005 is to expect revenues in excess of \$270 million and diluted earnings per share in the range of \$.26 to \$.28, compared to \$.21 per share in the third quarter of 2004," Mr. Loudermilk continued. "We plan to open approximately 90 new Company-operated and 70 new franchised stores in 2005, as well as continuing to add stores through acquisition. We are raising our earnings guidance for the 2005 fiscal year and expect Company revenues in excess of \$1.1 billion (excluding revenues of franchisees) and diluted earnings per share in the range of \$1.25 to \$1.28. Our initial guidance for 2006 is to continue to increase our store base between 15% and 20% per year and to achieve diluted earnings per share in the range of \$1.45 to \$1.55."

Aaron Rents will hold a conference call to discuss its quarterly financial results on Thursday, July 28, 2005, at 10:30 am 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 1,110 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, and store openings for 2005 and 2006.

Aaron Rents, Inc. and Subsidiaries

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

	(Unaudited) Three Months Ended		(Unaudited) Six Months Ended	
	June 30,		June 30,	
	2005	2004	2005	2004
Revenues:				
Rentals and Fees	\$206,626	\$170,225	\$415,771	\$342,597
Retail Sales	13,314	12,578	29,357	29,049
Non-Retail Sales	42,212	35,272	87,783	81,771
Franchise Royalties and Fees	7,137	5,610	14,328	11,526
Other	2,049	6,601	3,447	7,836
Total	271,338	230,286	550,686	472,779
Costs and Expenses:				
Retail Cost of Sales	8,892	8,663	19,628	20,373
Non-Retail Cost of Sales	39,089	32,709	81,722	76,015
Operating Expenses	121,602	100,658	241,233	202,751
Depreciation of Rental Merchandise	74,374	62,062	149,504	125,532
Interest	1,737	1,266	3,337	2,474
Total	245,694	205,358	495,424	427,145
Earnings Before Taxes	25,644	24,928	55,262	45,634
Income Taxes	9,524	9,543	20,720	17,432
Net Earnings	\$16,120	\$15,385	\$34,542	\$28,202
Earnings Per Share	\$.32	\$.31	\$.69	\$.57
Earnings Per Share Assuming Dilution	\$.32	\$.30	\$.68	\$.56
Weighted Average Shares Outstanding (1)	49,792	49,632	49,780	49,478
Weighted Average Shares Outstanding Assuming Dilution (1)	50,774	50,525	50,761	50,393

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

Selected Balance Sheet Data  
(In Thousands)

	(Unaudited)	
	June 30, 2005	December 31, 2004
Cash	\$4,808	\$5,865
Accounts Receivable, Net	32,871	32,736
Rental Merchandise, Net	470,611	425,567
Property, Plant and Equipment, Net	119,177	111,118
Other Assets, Net	119,744	125,002
Total Assets	747,211	700,288

Bank Debt	76,799	45,528
Senior Notes	50,000	50,000
Total Liabilities	337,555	325,110
Shareholders' Equity	\$ 409,656	\$375,178

Reconciliation of Revenues and Earnings  
Excluding Stock Sales  
(In thousands, except per share amounts)

	(Unaudited)		(Unaudited)	
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2005	2004	2005	2004
Total Revenues	\$271,338	\$230,286	\$550,686	\$472,779
Less Revenues from Stock Sales	565	5,500	565	5,500
Revenues Excluding Stock Sales	270,773	224,786	550,121	467,279
Net Earnings	16,120	15,385	34,542	28,202
Less Gain from Stock Sales	355	3,394	355	3,394
Net Earnings Excluding Gain From Stock Sales	\$15,765	\$11,991	\$34,187	\$24,808

SOURCE Aaron Rents, Inc.

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