



Aaron Rents, Inc. Reports Record Results For Second Quarter;

July 30, 2003

Same Store Revenues Up 11.3%; Earnings Up 31%; Announces More Acquisitions

ATLANTA, Jul 29, 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 record revenues and earnings for the second quarter and first half of 2003.

The Company's major division, Aaron's Sales & Lease Ownership, increased revenues 25% for the second quarter and 28% for the first half of the year. The division's same store revenue growth for the second quarter was 11.3%.

"We continue to meet our performance expectations," said R. Charles Loudermilk, Sr., Chairman and Chief Executive Officer of Aaron Rents, Inc. "The growth within the Aaron's Sales & Lease Ownership division has been exceptional and we see further strong results in upcoming quarters."

For the three months ended June 30, revenues increased 18% to a record \$177.7 million compared to \$151.2 million for the second quarter of 2002. Net earnings for the second quarter this year increased 31% to \$8.8 million versus \$6.7 million last year. Diluted earnings per share for the quarter were \$.40 compared to \$.32 per share for the second quarter a year ago.

For the first six months of this year, revenues advanced 20% to a record \$369.0 million compared to \$307.8 million for the first half of 2002. Net earnings for the six months were \$17.5 million versus \$12.6 million for the corresponding period. Diluted earnings per share for the first half were \$.80 for 2003 and \$.62 for 2002.

Systemwide revenues for the Company, which includes gross revenues of franchised stores, advanced 17% to \$243.0 million for the quarter versus \$208.0 million a year ago. For the six-month period systemwide revenues were \$502.4 million, up 19% from the \$423.3 million last year. Systemwide revenues is a non-GAAP financial measurement calculated by adding Company revenues determined in accordance with GAAP to the revenues of the Company's franchisees and subtracting the Company's royalty revenues. Franchisee revenues, however, are not revenues of Aaron Rents, Inc. A schedule reconciling Company revenues to systemwide revenues appears below.

Same store revenues (revenues earned in Company-operated stores opened for the entirety of both periods) in the Aaron's Sales & Lease Ownership division increased 11.3% during the second quarter of 2003. Same store revenues increased 6.0% for stores open over two years in both the second quarter of 2003 and 2002.

The Aaron's Sales & Lease Ownership division increased its second quarter revenues 25% to \$150.3 million versus \$120.1 million for the second quarter last year. Systemwide revenues for this division rose 22% to \$215.5 million versus \$177.0 million compared to the second quarter a year ago. First half sales and lease ownership revenues increased 28% to \$312.2 million compared to \$243.4 million last year, and systemwide revenues for the division advanced 24% to \$445.6 million compared to \$358.9 million for the first half of last year. A schedule reconciling Aaron's Sales & Lease Ownership revenues to the division's systemwide revenues also appears below.

The Aaron's Sales & Lease Ownership division increased its store count during the second quarter by 21 stores, 12 Company-operated stores and nine franchised stores, bringing the total of stores open at June 30 to 686. At the end of June the Company also had 66 rent-to-rent stores open

The Company's Sight & Sound stores, acquired in 2002, negatively affected earnings in the second quarter by approximately \$.04 per diluted share and \$.11 per diluted share for the first six months of the year. Currently the Company is operating 12 Sight & Sound stores.

On July 2 the Company announced the purchase of 37 rental stores in three different transactions. Of the 37 stores acquired, 19 have become new Aaron's Sales & Lease Ownership stores with the remaining 18 stores merged into existing Aaron's locations. In addition, ten more rental stores in Ohio were purchased as of today from Showplace, Inc. The Company will merge five of these stores into existing Aaron's locations. All of the acquisitions were asset purchases for cash.

"We continue to actively look for opportunistic acquisitions to compliment the opening of our Company-operated and franchised stores," Mr. Loudermilk continued. "In addition to seeking the acquisition of independent rental stores, we also anticipate purchasing up to 50 of our better performing franchise stores within the next several months, assuming there are willing sellers. All franchise store acquisitions are expected to be accretive to earnings."

A 3-for-2 stock split effected in the form of a 50% stock dividend on both Common Stock (RNT) and Class A Common Stock (RNT.A) was announced by the Company on July 21. New shares will be distributed on August 15, 2003 to shareholders of record as of the close of business on August 1, 2003. The accompanying table presents the second quarter results as if the split occurred prior to this date.

"We are revising our guidance for 2003, expecting revenues during the year in excess of \$750 million with systemwide revenues exceeding \$1 billion," Mr. Loudermilk added. "We plan to aggressively open stores, opening at least 30 Company-operated and 50 franchised Aaron's Sales & Lease Ownership stores during the current year. On a pre-split basis for the third quarter of 2003 we expect diluted earnings per share to be in the range of \$.38 to \$.40 per share with earnings per share for the full 2003 year in a range of \$1.60 to \$1.65 per diluted share. Our initial outlook for 2004 is achieving diluted earnings per share, on a pre-split basis, between \$1.85 to \$1.95. We are obviously very positive on the future for the Company."

Estimated 2003 systemwide revenues includes the Company's estimated revenues, other than approximately \$14 million to \$15 million in royalties, plus anticipated revenues of franchisees of approximately \$265 million to over \$285 million.

Aaron Rents will hold a conference call to discuss its quarterly financial results on Wednesday, July 30, 2003, at 10:00 am Eastern Time. The public is invited to listen in to the conference call by webcast accessible through our website, 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 775 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.

"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 2002, which discussion is incorporated herein by this reference.

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

	(Unaudited)		(Unaudited)	
	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Revenues:				
Rentals and Fees	\$131,419	\$113,643	\$262,456	\$226,145
Retail Sales	15,608	14,150	38,646	31,165
Non-Retail Sales	24,870	18,801	56,427	41,264
Other	5,844	4,568	11,472	9,251
Total	177,741	151,162	369,001	307,825
Costs and Expenses:				
Retail Cost of Sales	11,391	10,388	28,246	22,766
Non-Retail Cost of Sales	23,077	17,348	52,479	38,176
Operating Expenses	81,377	71,654	164,496	144,788
Depreciation of Rental Merchandise	46,517	40,036	92,906	79,736
Interest	1,473	1,070	3,061	2,236
Total	163,835	140,496	341,188	287,702
Earnings Before Taxes	13,906	10,666	27,813	20,123
Income Taxes	5,145	3,970	10,304	7,506
Net Earnings	\$ 8,761	\$ 6,696	\$ 17,509	\$ 12,617
Earnings Per Share	\$.40	\$.33	\$.81	\$.63
Earnings Per Share Assuming Dilution	\$.40	\$.32	\$.80	\$.62
Weighted Average Shares Outstanding	21,708	20,353	21,697	20,134
Weighted Average Shares Outstanding Assuming Dilution	22,057	20,761	22,000	20,489

Aaron Rents, Inc. and Subsidiaries
Selected Balance Sheet Data
(In Thousands)
(Unaudited)

	June 30, 2003	December 31, 2002
Cash	\$ 10,458	\$ 96
Accounts Receivable	24,814	26,973
Rental Merchandise, Net	313,775	317,287
Property, Plant and Equipment, Net	90,496	87,094
Total Assets	494,626	483,648
Bank Debt		7,325
Senior Notes	50,000	50,000
Total Liabilities	195,079	203,103
Shareholders' Equity	\$299,547	\$280,545

Aaron Rents, Inc. and Subsidiaries
Earnings Per Share Pro Forma Presentation (1)
(In thousands, except per share amounts)

	(Unaudited) Three Months Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2003	2002	2003	2003
Net Earnings	\$8,761	\$6,696	\$17,509	\$12,617
Earnings Per Share	\$.27	\$.22	\$.54	\$.42
Earnings Per Share Assuming Dilution	\$.26	\$.22	\$.53	\$.41
Weighted Average Shares Outstanding	32,562	30,530	32,545	30,201
Weighted Average Shares Outstanding Assuming Dilution	33,085	31,142	33,000	30,734

(1) Pro forma presentation gives prior-period effect to the 3-for-2 partial stock split effective August 15, 2003.

Aaron Rents, Inc. and Subsidiaries
Reconciliation of Company Revenues to Non-GAAP Systemwide Revenues
(In thousands, except per share amounts)

	(Unaudited) Three Months Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2003	2002	2003	2003
Total Company Revenues	\$177,741	\$151,162	\$369,001	\$307,825
Royalty Revenues	(3,433)	(2,993)	(7,023)	(6,079)
Franchisees' Revenues	68,660	59,864	140,460	121,585
Systemwide Revenues	\$242,968	\$208,033	\$502,438	\$423,331
Sales & Lease Ownership Revenues	\$150,297	\$120,100	\$312,195	\$243,395
Sales & Lease Ownership Royalty Revenues	(3,433)	(2,993)	(7,023)	(6,079)
Sales & Lease Ownership Franchisees'				

Revenues	68,660	59,864	140,460	121,585
Sales & Lease Ownership				
Systemwide				
Revenues	\$215,524	\$176,971	\$445,632	\$358,901

SOURCE Aaron Rents, Inc.

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<http://www.aaronrents.com>