



Aaron Rents, Inc. Reports Record Second Quarter; Same Store Revenues up 14.7%; Raises Outlook for Year

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ATLANTA, Jul 28, 2004 /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, home appliances and accessories, today announced record revenues and earnings for the second quarter of 2004.

The Company's fast-growing Aaron's Sales & Lease Ownership division increased revenues 32% for both the second quarter and first six months of 2004 compared to the same periods a year ago, including a 14.7% increase in same store revenues during this year's second quarter.

"Once again we are quite pleased with the Company's results," said R. Charles Loudermilk, Sr., Chairman and Chief Executive Officer of Aaron Rents. "Our Aaron's Sales & Lease Ownership division continues its rapid growth, adding 60 Company-operated stores and 37 franchise stores during the first six months of 2004, and we are well on our way to accomplishing our goals for the year."

For the three months ended June 30, 2004 revenues advanced 30% to \$230.3 million compared to \$177.7 million for the second quarter of 2003. Net earnings for the second quarter increased 76% to \$15.4 million, or \$.46 per diluted share, compared to \$8.8 million, or \$.26 per diluted share, for the same period last year.

The Company's other revenues include a pre-tax gain of \$5.5 million, or \$.10 per diluted share, realized in the second quarter resulting from the disposition of its Rainbow Rentals, Inc. stock when Rainbow merged with Rent-A-Center, Inc. in May.

For the first six months of this year, revenues advanced 28% to a record \$472.8 million compared to \$369.0 million for the first half of 2003. Net earnings for the six months were \$28.2 million versus \$17.5 million for the corresponding period last year, up 61%. Diluted earnings per share for the first half were \$.84 for 2004 and \$.53 for 2003.

Included in the Company's other revenues is royalty income from franchisees, which in 2004 increased to \$4.1 million for the second quarter from \$3.4 million for the quarter a year ago and to \$8.3 million for the first six months compared to \$7.0 million for the same period last year. In addition, non-retail sales, which are primarily sales of rental merchandise to franchisees, increased to \$35.3 million for the second quarter from \$24.9 million for the quarter a year ago and to \$81.8 million for the first six months compared to \$56.4 million for the same period last year. The increases in royalty income and non-retail sales are attributable to an increase in revenues of the Company's franchisees, who collectively had revenues of \$88.7 million during the second quarter and \$172.0 million for the first six months of 2004, a 29% and 22% increase from the comparable prior year periods, respectively. Revenues of franchisees, however, are not revenues of Aaron Rents, Inc.

Revenues of the Aaron's Sales & Lease Ownership division increased 32% for the quarter to \$198.3 million versus \$150.3 million in the second quarter of last year. First half sales and lease ownership revenues also increased 32% to \$412.9 million compared to \$312.2 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 14.7% during the second quarter of 2004 compared to second quarter of 2003. Same store revenues increased 12.0% for stores open over two years at the end of June 2004.

During the second quarter the Company awarded area development agreements to various independent operators to open 31 new Aaron's Sales & Lease Ownership franchise stores. Through the first six months of 2004, agreements have been signed for 84 additional new franchise stores. At the end of June there were 281 franchise stores awarded that are scheduled to open over the next several years.

The Company acquired 26 stores during the second quarter, including two franchise stores, and contracts and related merchandise of four additional stores. Also, during the second quarter, the Company converted ten of its 11 remaining Sight & Sound stores to Aaron's Sales & Lease Ownership stores. Including these acquisitions and one Sight & Sound store closure, the Aaron's Sales & Lease Ownership division increased its store count during the second quarter by 54 stores, comprising of 42 Company-operated stores and 12 franchised stores, bringing the total number of stores open at June 30 to 884. At the end of June the Company also had 60 rent-to-rent stores open.

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 12. New shares will be distributed on August 16, 2004 to shareholders of record as of the close of business on August 2, 2004. The accompanying table presents the second quarter results as if the split occurred prior to this date.

"For the third quarter of 2004 we expect revenues to be over \$225 million and diluted earnings per share, on a pre-split basis, to be in the range of \$.32 to \$.34 per share," Mr. Loudermilk continued. "We are increasing our guidance for the full year of 2004, again expecting Company revenues to exceed \$950 million (excluding revenues of franchisees), more than a 24% increase over 2003, with diluted earnings per share, on a pre-split basis, in the range of \$1.50 to \$1.54, compared to the \$1.10 diluted per share recorded in 2003. Our previous earnings guidance for the 2004 year was between \$1.48 and \$1.53 per diluted share. Our new store opening plans for 2004 are to open approximately 140 new stores, a combination of Company-operated and franchised stores, in addition to adding between 40 and 50 Company-operated stores during the year through acquisition. Our initial outlook for 2005 is to continue to increase our Company-operated and franchise store base in excess of 15% annually and achieve diluted earnings per share, on a pre-split basis, in the range of \$1.70 to \$1.80."

Aaron Rents will hold a conference call to discuss its quarterly financial results on Thursday, July 29, 2004, at 10:30 am Eastern Time. The public is invited to listen in to the call by webcast accessible through the Company's website, www.aaronrents.com, 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 945 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 and 2005.

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

	(Unaudited)		(Unaudited)	
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2004	2003	2004	2003
Revenues:				
Rentals and Fees	\$170,225	\$131,419	\$342,597	\$262,456
Retail Sales	12,578	15,608	29,049	38,646
Non-Retail Sales	35,272	24,870	81,771	56,427
Other	12,211	5,844	19,362	11,472
Total	230,286	177,741	472,779	369,001
Costs and Expenses:				
Retail Cost of Sales	8,663	11,391	20,373	28,246
Non-Retail Cost of Sales	32,709	23,077	76,015	52,479
Operating Expenses	100,658	81,377	202,751	164,496
Depreciation of Rental Merchandise	62,062	46,517	125,532	92,906
Interest	1,266	1,473	2,474	3,061
Total	205,358	163,835	427,145	341,188
Earnings Before Taxes	24,928	13,906	45,634	27,813
Income Taxes	9,543	5,145	17,432	10,304
Net Earnings	\$15,385	\$8,761	\$28,202	\$17,509
Common Stock and Class A Common Stock:				
Earnings Per Share	\$.46	\$.27	\$.85	\$.54
Earnings Per Share Assuming Dilution	\$.46	\$.26	\$.84	\$.53
Weighted Average Shares Outstanding	33,088	32,562	32,985	32,545
Weighted Average Shares Outstanding Assuming Dilution	33,683	33,085	33,595	33,000

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

	June 30,	December 31,
	2004	2003
Cash	\$95	\$95

Accounts Receivable	29,132	30,878
Rental Merchandise, Net	386,091	343,013
Property, Plant and Equipment, Net	101,136	99,584
Total Assets	606,882	555,292
Bank Debt	23,932	13,870
Senior Notes	50,000	50,000
Total Liabilities	256,316	235,106
Shareholders' Equity	\$350,566	\$320,186

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

	(Unaudited)		(Unaudited)	
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2004	2003	2004	2003
Net Earnings	\$15,385	\$8,761	\$28,202	\$17,509
Common Stock and Class A Common Stock:				
Earnings Per Share	\$.31	\$.18	\$.57	\$.36
Earnings Per Share Assuming Dilution	\$.30	\$.18	\$.56	\$.35
Weighted Average Shares Outstanding	49,632	48,843	49,478	48,818
Weighted Average Shares Outstanding Assuming Dilution	50,525	49,628	50,393	49,500

(1) Pro forma presentation gives prior-period effect to the 3-for-2 partial stock split effective August 16, 2004.

SOURCE Aaron Rents, Inc.

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<http://www.aaronrents.com>