



Aaron Rents, Inc. Reports Third Quarter Results; Revenues Up 14%; Net Earnings Up 97%

October 25, 2006

ATLANTA, Oct. 25 /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 and home appliances and accessories, today announced revenues and earnings for the three and nine months ended September 30, 2006.

For the third quarter of 2006, revenues increased 14% to \$317.7 million compared to \$278.7 million for the same period a year ago. Net earnings were \$17.4 million versus \$8.8 million for the third quarter last year, a 97% increase. Diluted earnings per share were \$.32 compared to \$.17 per share in 2005.

For the first nine months of this year, revenues advanced 19% to \$986.7 million compared to \$829.4 million for the same period of 2005. Net earnings for the nine months were up 37% to \$59.6 million versus \$43.4 million for the corresponding period last year. Diluted earnings per share for the first nine months were \$1.13 for 2006 and \$.85 for 2005.

"We are again pleased with our operating performance," said R. Charles Loudermilk, Sr., Chairman and Chief Executive Officer of Aaron Rents. "Our rapid store expansion continues as planned and we are on track to add approximately 350 stores, a combination of Company-operated and franchised stores, over the 18 month period ending on December 31, 2007. We look forward to the remainder of 2006 and 2007 with great optimism."

The Company's net earnings in the third quarter and nine months of 2005 were negatively affected by the loss of merchandise, damage to stores, and other costs resulting from Hurricanes Katrina and Rita.

The Aaron's Sales & Lease Ownership division increased its third quarter revenues 15% to \$286.2 million compared to \$249.2 million last year. First nine months sales and lease ownership revenues increased 20% to \$890.7 million compared to \$739.3 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 6.9% during the third quarter of 2006 compared to the third quarter of 2005. Same store revenues also increased 4.0% for Aaron's Sales & Lease Ownership stores open over two years at the end of September 2006.

The Aaron's Corporate Furnishings division increased revenues 6% during the third quarter to \$30.4 million compared to \$28.7 million a year ago. Corporate furnishings revenues were up 7% for the nine months to \$93.8 million compared to \$87.4 million in 2005.

Consolidated rentals and fees increased 16% for the third quarter and 19% for the first nine months compared to the previous year. In addition, franchise royalties and fees increased 8% for the third quarter and 11% year- to-date. Non-retail sales, which are primarily sales of rental merchandise to Aaron's Sales & Lease Ownership franchisees, increased 13% to \$49.4 million for the third quarter from \$43.7 million in the comparable period in 2005, and 22% to \$159.8 million for the first nine months compared to \$131.5 million for the same period last year. The increases in the Company's franchise revenues and non-retail sales are the result of the increase in revenues of the Company's franchisees, who collectively had revenues of \$118.4 million for the third quarter and \$363.7 million for the first nine months of 2006, a 15% and 16% increase, respectively, over the comparable prior year periods. Revenues of franchisees, however, are not revenues of Aaron Rents, Inc.

Included in operating expenses was \$907,000 for the third quarter and \$2.8 million for the first nine months of expense resulting from the Company's adoption on January 1, 2006 of accounting for stock options as compensation expense under the guideline of Statement of Financial Accounting Standards No. 123R.

During the third quarter the Aaron's Sales & Lease Ownership division opened 13 new Company-operated stores, 16 new franchised stores and three RIMCO stores. In addition, during the quarter the Company acquired 11 franchised stores, four stores from independent rental operators, consolidated three stores, and purchased the accounts of four other third party stores.

For the first nine months of 2006 the Company opened 38 new Company- operated stores and 42 new franchised stores, four RIMCO stores, acquired 22 franchised stores, acquired seven stores from independent rental operators, and purchased the accounts from ten other third party operators that were then merged into Aaron's stores.

Through the three months and nine months ended September 30, the Company awarded area development agreements to open 17 and 25 additional franchised stores, respectively. At the end of September there were a total of 229 franchised stores awarded that will open over the next several years.

At September 30 the Aaron's Sales and Lease Ownership division had 791 Company-operated stores and 411 franchised stores, as well as 13 RIMCO stores. In addition, the Company operated 59 corporate furnishings stores. The total number of stores open at the end of September was 1,274.

At the end of September 2006 the Company had no borrowings under its \$140 million revolving credit agreement and had \$54.7 million of cash on hand.

"We expect in the fourth quarter of 2006 to record revenues in excess of \$335 million and diluted earnings per share in the range of \$.32 to \$.36, and plan to add approximately 70 more stores," Mr. Loudermilk continued. "For the 2006 fiscal year we expect Company revenues in excess of \$1.3 billion (excluding revenues of franchisees) and diluted earnings per share in the range of \$1.45 to \$1.49, which includes a \$.06 per diluted share gain in the second quarter from the sale of our Puerto Rico stores. Our guidance for 2007 is to add approximately 250 more stores, a combination of Company-operated and franchised stores, and to achieve diluted earnings per share in the range of \$1.55 to \$1.65."

Aaron Rents will hold a conference call to discuss its quarterly financial results on Thursday, October 26, 2006, 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, 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 1,280 Company- operated and franchised stores in 47 states 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 12 facilities in five 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 "Risk Factors" in the Company's Registration Statement on Form S-3, file number 333-133913, filed with the Securities and Exchange Commission on May 9, 2006, 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 future periods.

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

	(Unaudited) Three Months Ended September 30,		(Unaudited) Nine Months Ended September 30,	
	2006	2005	2006	2005
Revenues:				
Rentals and Fees	\$243,649	\$210,951	\$743,689	\$626,722
Retail Sales	14,330	14,442	49,432	43,799
Non-Retail Sales	49,429	43,709	159,813	131,492
Franchise Royalties and Fees	8,322	7,627	24,770	22,119
Other	1,979	1,938	9,019	5,221
Total	317,709	278,667	986,723	829,353
Costs and Expenses:				
Retail Cost of Sales	9,553	9,449	32,826	29,077
Non-Retail Cost of Sales	45,210	40,639	148,308	122,361
Operating Expenses	143,601	136,003	430,375	377,236
Depreciation of Rental Merchandise	89,806	76,727	273,408	226,231
Interest	1,914	2,343	7,860	5,680
Total	290,084	265,161	892,777	760,585
Earnings Before Taxes	27,625	13,506	93,946	68,768
Income Taxes	10,242	4,663	34,352	25,383
Net Earnings	\$17,383	\$8,843	\$59,594	\$43,385
Earnings Per Share	\$.32	\$.18	\$1.15	\$.87
Earnings Per Share Assuming Dilution	\$.32	\$.17	\$1.13	\$.85
Weighted Average Shares Outstanding	53,989	49,861	52,034	49,807
Weighted Average Shares Outstanding Assuming Dilution	54,767	50,844	52,874	50,786

Selected Balance Sheet Data
(In thousands)

	(Unaudited)	
	September 30, 2006	December 31, 2005
Cash	\$54,681	\$6,973
Accounts Receivable, Net	41,341	42,812
Rental Merchandise, Net	554,097	550,932
Property, Plant and Equipment, Net	143,961	133,759
Other Assets, Net	153,053	124,039
Total Assets	947,133	858,515
Bank Debt	0	91,336
Senior Notes	90,000	100,000
Total Liabilities	361,052	424,044
Shareholders' Equity	\$586,081	\$434,471

SOURCE Aaron Rents, Inc.

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(RNT)