



Aaron Rents, Inc. Reports Second Quarter Revenues and Earnings; Same Store Revenues Up 9.1%; To Accelerate New Store Openings

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ATLANTA, July 26 /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 months ended June 30, 2006.

For the second quarter of 2006, revenues increased 19% to \$321.7 million compared to \$271.3 million for the second quarter in 2005. Net earnings increased 28% to \$20.7 million versus \$16.1 million for the same period a year ago. Diluted earnings per share were \$.39 compared to \$.32 per share last year.

For the first six months of this year, revenues advanced 21% to \$669.0 million compared to \$550.7 million for the first half of 2005. Net earnings for the first six months were up 22% to \$42.2 million versus \$34.5 million for the corresponding period last year. Diluted earnings per share for the first six months were \$.81 for 2006 and \$.68 for 2005.

"We are pleased with the results for the quarter," said R. Charles Loudermilk, Sr., Chairman and Chief Executive Officer of Aaron Rents. "Our business plan remains to rapidly increase our revenues and store base through the opening of new Company-operated and franchised stores, plus selective acquisitions. We are very confident of the prospects for our business and are accelerating our store opening plans. We anticipate adding approximately 350 new Aaron's Sales & Lease Ownership stores over the next 18 months, a 30% increase over the current store base."

The Aaron's Sales & Lease Ownership division increased its second quarter revenues 20% to \$290.2 million compared to \$241.5 million last year. First six months sales and lease ownership revenues increased 23% to \$604.5 million compared to \$490.2 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 9.1% during the second quarter of 2006 compared to the second quarter of 2005. Same store revenues also increased 6.0% for Aaron's Sales & Lease Ownership stores open over two years at the end of June 2006.

The Aaron's Corporate Furnishings division increased revenues 9% during the second quarter to \$31.1 million compared to \$28.5 million a year ago. First six months corporate furnishings revenues were \$63.4 million compared to \$58.7 million last year, an 8% increase.

Included in the Company's other revenues in the 2006 second quarter and six month results is a pre-tax gain of \$4.4 million, or approximately \$.06 per diluted share, from the sale at the end of June of the assets of the Company's 12 stores located in Puerto Rico. Also, included in the Company's other revenues in the 2005 second quarter and six month results is a \$565,000 pre-tax gain, or approximately \$.01 per diluted share, realized from the sale of Rent-Way, Inc. common stock which the Company purchased in various open market transactions.

Included in operating expenses in both the first and second quarter of 2006 was a \$950,000 pre-tax expense, or approximately \$.01 per diluted share each quarter, resulting from the Company's adoption on January 1, 2006 of accounting for stock options as compensation expense under the guidelines of Statement of Financial Accounting Standards No. 123R.

Consolidated rentals and fees for the second quarter increased 19% and the first six months increased 20% over the previous year. In addition, franchise royalties and fees were up 12% and 13% for the second quarter and year-to-date, respectively. Non-retail sales, which are primarily sales of rental merchandise to Aaron's Sales & Lease Ownership franchisees, increased to \$46.4 million for the second quarter from \$42.2 million in the comparable period in 2005 and to \$110.4 million for the first six months compared to \$87.8 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 \$118.0 million during the second quarter and \$245.4 million for the first six months of 2006, a 17% increase over both the comparable prior year periods. Revenues of franchisees, however, are not revenues of Aaron Rents, Inc.

During the second quarter the Aaron's Sales & Lease Ownership division opened 12 new Company-operated stores and 15 new franchised stores. In addition, during the quarter the Company acquired eight franchised stores and three stores from independent rental operators, and purchased the accounts of four other third party stores. As previously noted above, the Company also sold all 12 of its stores in Puerto Rico.

Through the three months and six months ended June 30, the Company awarded area development agreements to open three and eight additional franchised stores, respectively. At the end of June there were a total of 237 franchised stores awarded that will open over the next several years.

At June 30, 2006 the Aaron's Sales and Lease Ownership division had 766 Company-operated stores, 406 franchised stores, and ten RIMCO stores. In addition, the Company operated 59 corporate furnishings stores.

During the second quarter the Company sold 3,450,000 shares of Common Stock in a secondary stock offering, using the proceeds of approximately \$84 million to pay down bank debt. At the end of June 2006 the Company had no borrowings under its \$140 million revolving credit agreement and had \$24 million of cash on hand.

"Our revenue growth over a number of years has been excellent and we expect these trends to continue as we aggressively expand our operations," Mr. Loudermilk added. "As always our future earnings will be impacted by losses incurred as a result of the opening of new stores, and these losses will be somewhat higher in future periods with our accelerated new store growth plans. We plan to work on initiatives that we expect will improve margins to partially offset increases in normal operating costs and some of the effect of the new store start-up expenses."

"Our guidance for the third quarter of 2006 is to expect revenues in excess of \$320 million and diluted earnings per share, after the effect of the secondary stock offering, in the range of \$.30 to \$.33, compared to \$.17 per share in the third quarter of 2005," Mr. Loudermilk continued. "We plan to open approximately 65 new Company-operated and 35 new franchised stores the last half of 2006, and approximately 150 new Company-operated and 100 new franchised stores in fiscal year 2007. Our revised guidance for the 2006 fiscal year is to expect Company revenues in excess of \$1.3 billion (excluding revenues of franchisees) and diluted earnings per share, including the gain on the Puerto Rico sale, in the range of \$1.46 to \$1.50."

Aaron Rents will hold a conference call to discuss its quarterly financial results on Thursday, July 27, 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 1,245 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)		(Unaudited)	
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2006	2005	2006	2005
Revenues:				
Rentals and Fees	\$245,794	\$206,626	\$500,040	\$415,771
Retail Sales	15,932	13,314	35,102	29,357
Non-Retail Sales	46,357	42,212	110,384	87,783
Franchise Royalties and Fees	8,120	7,222	16,448	14,492
Other	5,524	1,964	7,040	3,283
Total	321,727	271,338	669,014	550,686
Costs and Expenses:				
Retail Cost of Sales	10,867	8,892	23,273	19,628
Non-Retail Cost of Sales	43,307	39,089	103,098	81,722
Operating Expenses	142,818	121,602	286,774	241,233
Depreciation of Rental Merchandise	90,321	74,374	183,602	149,504
Interest	2,724	1,737	5,946	3,337
Total	290,037	245,694	602,693	495,424
Earnings Before Taxes	31,690	25,644	66,321	55,262
Income Taxes	11,040	9,524	24,110	20,720
Net Earnings	\$20,650	\$16,120	\$42,211	\$34,542
Earnings Per Share	\$.40	\$.32	\$.83	\$.69
Earnings Per Share Assuming Dilution	\$.39	\$.32	\$.81	\$.68
Weighted Average Shares Outstanding	51,887	49,792	51,040	49,780
Weighted Average Shares Outstanding Assuming Dilution	52,705	50,774	51,896	50,761

Selected Balance Sheet Data
(In Thousands)

	(Unaudited)	
	June 30, 2006	December 31, 2005
Cash	\$24,293	\$6,973
Accounts Receivable, Net	34,964	42,812
Rental Merchandise, Net	568,191	550,932
Property, Plant and Equipment, Net	138,231	133,759
Other Assets, Net	141,571	124,039
Total Assets	907,250	858,515
Bank Debt	-	91,336
Senior Notes	100,000	100,000
Total Liabilities	339,716	424,044
Shareholders' Equity	\$567,534	\$434,471

SOURCE Aaron Rents, Inc.

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