



Aaron Rents, Inc. Reports Results for Second Quarter; Same Store Revenues up 9.9%; Earnings up 35%

July 24, 2002

ATLANTA, Jul 24, 2002 /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 revenues and earnings for the second quarter and first half of 2002.

The Company's major division, Aaron's Sales & Lease Ownership, continued its high-growth performance by increasing revenues 28% for the second quarter and 27% for the first half of the year. The division's same store revenue growth for the second quarter was 9.9%.

"We are very pleased with these results, which are driven by the continuing expansion in the Aaron's Sales & Lease Ownership division," said R. Charles Loudermilk, Sr., Chairman and Chief Executive Officer of Aaron Rents, Inc. "We feel we are in an excellent position to continue to show improving performance in upcoming quarters."

For the three months ended June 30, revenues increased 14% to a record \$151.2 million compared to \$132.8 million for the second quarter of 2001. Net earnings for the second quarter this year increased 35% to \$6.7 million versus \$5.0 million last year. Diluted earnings per share for the quarter were \$.32 compared to \$.25 per share for the second quarter a year ago.

For the first six months of this year, revenues advanced 12% to a record \$307.8 million compared to \$274.2 million for the first half of 2001. Net earnings for the six months were \$12.6 million versus \$12.3 million for the corresponding period last year. Diluted earnings per share for the first half were \$.62 for 2002 and \$.61 for 2001.

Systemwide revenues for the Company, which includes revenues of franchised stores, advanced 17% to \$208.0 million for the quarter and 15% to \$423.3 million for the six months.

The Aaron's Sales & Lease Ownership division increased its second quarter revenues 28% to \$120.1 million versus \$93.7 million for the second quarter last year. Systemwide revenues for this division, including franchised stores, rose 27% to \$177.0 million versus \$139.4 million compared to the second quarter a year ago. First half sales and lease ownership revenues increased 27% to \$243.4 million compared to \$191.5 million last year, and systemwide revenues advanced 26% to \$358.9 million compared to \$285.3 million for the first half of last year.

Net earnings were adversely impacted during the second quarter and first six months of 2002 by approximately \$.05 and \$.14 diluted earnings per share, respectively, resulting from the start-up expenses associated with the rapid opening of Aaron's Sales & Lease Ownership stores during 2001. In addition, the Company's earnings were positively affected during the quarter and first six months by two accounting changes. First, diluted earnings per share increased approximately \$.04 and \$.07 in the quarter and year to date period, respectively, due to a January 1, 2002 change in the method of depreciating merchandise in the Aaron's Sales & Lease Ownership division. Second, diluted earnings per share increased \$.01 and \$.02 in the quarter and first six months, respectively, as a result of the goodwill non-amortization provisions of a new accounting standard.

The Aaron's Sales & Lease Ownership division increased its store count during the second quarter by seven stores, one Company-operated store and six franchised stores, bringing the total of stores open at June 30 to 586. At the end of June the Company also had 73 rent-to-rent stores open.

During June 2002 the Company sold 1,725,000 of Common Stock in a secondary stock offering, using the proceeds of \$34.3 million to pay down its bank debt, which was reduced to \$26.3 million at the end of June.

"We are revising our guidance for 2002, and now expect revenues during the year in excess of \$615 million with systemwide revenues exceeding \$840 million," Mr. Loudermilk continued. "For the third quarter of 2002 we expect diluted earnings per share to be in the range of \$.30 to \$.32 per share with earnings per share for the full 2002 year in a range of \$1.27 to \$1.32 per diluted share. Our initial outlook for 2003 is achieving diluted earnings per share in the range of \$1.55 to \$1.65. We are very positive on the future prospects for the Company."

Aaron Rents, Inc. based in Atlanta, currently has more than 650 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.

Note: Forward-looking statements in this news release are based on current expectations and are subject to risks and uncertainties, and actual results may vary materially from the expectations due to such factors as changes in general economic conditions, competition, pricing, customer demand and other issues.

"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 and which could cause actual results to differ from those contained in the forward-looking statements. For a discussion of such risks and uncertainties see "Risk Factors" in the Company's Registration Statement on Form S-3, file number 333-88392, filed with the Securities and Exchange Commission on May 16, 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		Six Months Ended	
	June 30,		June 30,	
	2002	2001	2002	2001
Revenues:				
Rentals and Fees	\$113,643	\$100,537	\$226,145	\$202,605
Retail Sales	14,150	14,754	31,165	32,030
Non-Retail Sales	18,801	13,494	41,264	31,440
Other	4,568	3,978	9,251	8,105
Total	151,162	132,763	307,825	274,180
Costs and Expenses				
Retail Cost of Sales	10,388	10,985	22,766	23,207
Non-Retail Cost of Sales	17,348	12,773	38,176	29,502
Operating Expenses	71,654	65,718	144,788	132,272
Depreciation of Rental Merchandise	40,036	33,585	79,736	66,067
Interest	1,070	1,704	2,236	3,332
Total	140,496	124,765	287,702	254,380
Earnings Before Taxes	10,666	7,998	20,123	19,800
Income Taxes	3,970	3,031	7,506	7,504
Net Earnings	\$6,696	\$4,967	\$12,617	\$12,296
Earnings Per Share	\$.33	\$.25	\$.63	\$.62
Earnings Per Share Assuming Dilution	\$.32	\$.25	\$.62	\$.61
Weighted Average Shares Outstanding	20,353	19,911	20,134	19,891
Weighted Average Shares Outstanding Assuming Dilution	20,761	20,141	20,489	20,110

SOURCE Aaron Rents, Inc.

CONTACT: Gilbert L. Danielson, Executive Vice President and Chief Financial Officer of Aaron Rents, Inc., +1-404-231-0011