



## **Rent-A-Center Concludes Review of Strategic and Financial Alternatives, Announces New 2018 Guidance Based on Materially Improved Financial Performance and Provides Business Updates**

June 11, 2018

PLANO, Texas--(BUSINESS WIRE)--Jun. 10, 2018-- Rent-A-Center, Inc. (NASDAQ/NGS:RCII) ("Rent-A-Center" or the "Company"), a leader in the rent-to-own industry, today announced that its Board of Directors (the "Board") has concluded its review of strategic and financial alternatives to enhance stockholder value.

The Board, in consultation with its financial and legal advisors, conducted a comprehensive review of strategic and financial alternatives, including a possible sale of the Company, and unanimously determined that the continued execution of Rent-A-Center's previously announced strategic plan is in the best interest of the Company and its stockholders. Through its robust review process, the Board focused on evaluating opportunities to maximize stockholder value. The Board, which includes a representative of Rent-A-Center's largest stockholder, explored a range of potential transactions before determining that the continued execution of the Company's strategic plan, which the Company has been successfully pursuing since the appointment of Mitchell E. Fadel as its Chief Executive Officer at the beginning of the year, provides the best opportunity to enhance long-term stockholder value. The Board was prepared to pursue a sale of the Company if it concluded that such a transaction would both maximize stockholder value and provide certainty of closing. While the Company actively explored a possible sale, the Board unanimously determined that it did not receive any acquisition proposals meeting either of its objectives for a sale of the Company.

"Our Board conducted a thorough review of alternatives for our business, and unanimously determined that the execution of our strategic plan remains the best opportunity to deliver value to our stockholders compared to the alternatives available to us," said J.V. Lentell, Chairman of the Rent-A-Center Board of Directors. "As demonstrated by our updated financial outlook and key operating metrics for April and May, the Company's strategic plan is already delivering substantial results and Rent-A-Center is well-positioned to generate value for all stockholders."

"While today's announcement represents the conclusion of our formal strategic and financial alternatives review process, we will continue to regularly review opportunities to drive value on behalf of our stockholders," said Mitch Fadel, Chief Executive Officer of Rent-A-Center. "Through the execution of our strategic plan, we continue to make significant progress to strengthen our financial profile and improve our results. Our cost reduction initiatives are significantly ahead of schedule and we expect to generate over \$100 million in annual run-rate savings and realize approximately \$70 million in savings in 2018. This compares to our previous expectations of \$65 million to \$85 million in annual savings and \$43 million to \$57 million realized in 2018 announced in February, and \$75 million to \$95 million in annual savings and \$50 to \$63 million realized in 2018 which was updated in April. Our new US pricing model is enabling us to increase loyalty amongst a larger customer base, growing our customer retention and helping customers achieve their goal of ownership faster than before. We are confident that we have the right plan in place to drive profitability while maintaining lower capital costs, allowing us to create enhanced value for all Rent-A-Center stockholders."

In connection with the Board's determination to continue executing the Company's strategic plan, the results of which are exceeding management's expectations, Rent-A-Center today provided the following updated guidance for 2018 and preliminary key operating metrics for its Core U.S. and Acceptance NOW ("ANow") businesses for April and May 2018.

### **Q2 Guidance**

- Consolidated Revenues of \$640 to \$660 million
  - Core U.S. Revenues of \$450 to \$460 million
  - Acceptance NOW Revenues of \$170 to \$180 million
- Adjusted EBITDA in the range of \$40 to \$50 million
- Non-GAAP diluted earnings per share in the range of \$0.20 to \$0.30 cents
- Free Cash Flow of \$30 to \$40 million

### **2018 Guidance**

- Consolidated Revenues of \$2.640 to \$2.690 billion
  - Core U.S. Revenues of \$1.835 to \$1.865 billion
  - Acceptance NOW Revenues of \$730 to \$750 million
- Adjusted EBITDA in the range of \$160 to \$180 million
- Non-GAAP diluted earnings per share in the range of \$0.65 to \$0.90 cents
- Free Cash Flow of \$210 to \$230 million (compared to at least \$130 million announced in February and at least \$170 million announced in April)

- Net Debt of \$405 to \$425 million at year end<sup>(1)</sup>
- Consolidated leverage ratio of 2.3 to 2.7 at year end<sup>(2)</sup>

(1) Net debt equals total debt less cash over \$25 million

(2) Consolidated leverage ratio is net debt divided by adjusted EBITDA

Operational performance continues to exceed the Company's internal expectations in both the Core and ANow businesses primarily driven by strong portfolio performance. Monthly Core same store sales have continued to improve sequentially during the second quarter. Positive Core customer growth was generated in April and May for the first time in several years and customer retention is significantly higher than historical averages driven by pricing changes, the 180 day same as cash offering, and enhanced marketing efforts. The value proposition changes recently implemented in most of the Company's ANow locations have resulted in double digit increases in demand, and Rent-A-Center is committed to investing in ANow's unmanned platform to drive additional growth.

#### Core U.S.

- April Same Store Sales: 3.3 percent
- May Same Store Sales: 3.6 percent

#### ANow

- April Same Store Sales: 2.3 percent
- May Same Store Sales: 2.5 percent

#### Guidance Policy

The Company provides selected guidance and will only provide updates if there is a material change versus the original guidance.

#### Non-GAAP Reconciliation

This press release refers to the non-GAAP measures EBITDA (earnings before interest, taxes, depreciation and amortization), Net Debt (total debt less cash over \$25 million), Non-GAAP diluted earnings per share (net earnings excluding special items divided by diluted weighted average shares) and Free Cash Flow (operating cash flow less investing activities) when addressing guidance for future periods. Management believes that the presentation of these non-GAAP financial measures in this press release is useful to investors in their analysis of the Company's projected performance in future periods. The Company has not quantitatively reconciled differences between EBITDA, Net Debt, Non-GAAP diluted earnings per share or Free Cash Flow and their corresponding GAAP measures for such future periods due to the inherent uncertainty regarding variables affecting the comparison of these measures.

In light of the updated financial guidance and financial and operational results information reported by the Company today, the Board determined it was appropriate at this time to suspend its current trading blackout period applicable to the Company's directors, executive officers, divisional vice presidents, senior vice presidents, vice presidents, and certain other designated home office co-workers.

#### About Rent-A-Center, Inc.

A rent-to-own industry leader, Plano, Texas-based, Rent-A-Center, Inc., is focused on improving the quality of life for its customers by providing them the opportunity to obtain ownership of high-quality, durable products such as consumer electronics, appliances, computers, furniture and accessories, under flexible rental purchase agreements with no long-term obligation. The Company owns and operates approximately 2,400 stores in the United States, Mexico, Canada and Puerto Rico, and approximately 1,250 Acceptance Now kiosk locations in the United States and Puerto Rico. Rent-A-Center Franchising International, Inc., a wholly owned subsidiary of the Company, is a national franchiser of approximately 250 rent-to-own stores operating under the trade names of "Rent-A-Center," "ColorTyme," and "RimTyme." For additional information about the Company, please visit our website at [www.rentacenter.com](http://www.rentacenter.com).

#### Forward-Looking Statements

*This press release and the guidance above contain forward-looking statements that involve risks and uncertainties. Such forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "could," "estimate," "should," "anticipate," "believe," or "confident," or the negative thereof or variations thereon or similar terminology. The Company believes that the expectations reflected in such forward-looking statements are accurate. However, there can be no assurance that such expectations will occur. The Company's actual future performance could differ materially from such statements. Factors that could cause or contribute to such differences include, but are not limited to: the general strength of the economy and other economic conditions affecting consumer preferences and spending; factors affecting the disposable income available to the Company's current and potential customers; changes in the unemployment rate; uncertainties concerning the completion of the Company's review of its strategic and financial alternatives; difficulties encountered in improving the financial and operational performance of the Company's business segments; the Company's ability to refinance its senior credit facility expiring in early 2019 on favorable terms, if at all; risks associated with pricing changes and strategies being deployed in the Company's businesses; the Company's ability to realize additional benefits from its initiatives regarding cost-savings and other EBITDA enhancements, efficiencies and working capital improvements; the Company's ability to execute its franchise strategy; failure to manage the Company's store labor and other store expenses; the Company's ability to successfully execute its strategic initiatives; disruptions caused by the operation of the Company's store information management system; the Company's transition to more-readily scalable, "cloud-based" solutions; the Company's ability to develop and successfully implement digital or E-commerce capabilities, including mobile applications and enhancements to its unmanned platform for its Acceptance NOW segment; disruptions in the Company's supply chain; limitations of, or disruptions in, the Company's distribution network, and the impact, effects and results of the changes the Company has made and is making to its distribution methods; rapid inflation or deflation in the prices of the Company's products; the Company's ability to execute and the effectiveness of a store consolidation, including the Company's ability to retain the revenue from customer accounts merged into another store location as a result of a store consolidation; the Company's available cash flow; the Company's ability to identify and successfully market products and services that appeal to its customer demographic; consumer preferences and perceptions of the Company's brand; the Company's ability to control costs and increase profitability; the Company's ability to retain the revenue associated with acquired customer accounts and enhance the performance of acquired stores; the Company's ability to enter into new and collect on its rental or lease purchase agreements; the passage of*

*legislation adversely affecting the Rent-to-Own industry; the Company's compliance with applicable statutes or regulations governing its transactions; changes in interest rates; adverse changes in the economic conditions of the industries, countries or markets that the Company serves; information technology and data security costs; the impact of any breaches in data security or other disturbances to the Company's information technology and other networks and the Company's ability to protect the integrity and security of individually identifiable data of its customers and employees; changes in the Company's stock price, the number of shares of common stock that it may or may not repurchase, and the Company's dividend policy and any changes thereto, if any; changes in estimates relating to self-insurance liabilities and income tax and litigation reserves; changes in the Company's effective tax rate; fluctuations in foreign currency exchange rates; the Company's ability to maintain an effective system of internal controls; the resolution of the Company's litigation; and the other risks detailed from time to time in the Company's SEC reports, including but not limited to, its Annual Report on Form 10-K for the year ended December 31, 2017 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2018. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Except as required by law, the Company is not obligated to publicly release any revisions to these forward-looking statements to reflect the events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.*

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