



## Rent-A-Center, Inc. Provides Business Update

September 21, 2020

### Revenue and Earnings Guidance Provided for the Third Quarter

#### Increased Guidance for 2020

PLANO, Texas--(BUSINESS WIRE)--Sep. 21, 2020-- Rent-A-Center, Inc. (the "Company" or "Rent-A-Center") (NASDAQ/NGS: RCII) today provided a business update, guidance for the third quarter of 2020 and increased guidance for the full year of 2020.

"Our business is continuing to perform very well driving better than expected financial results," said Mitch Fadel, Chief Executive Officer. "Lease portfolio performance and customer payment activity have remained strong in both businesses even without additional government stimulus. While some uncertainty remains related to the pandemic, we are providing expectations for the third quarter and increasing guidance for 2020 given our continued strong performance and our improved outlook."

#### Third Quarter Guidance

##### Consolidated Results

- The Company expects consolidated revenues to be between \$695 million and \$715 million, Adjusted EBITDA between \$85 million and \$95 million, and Non-GAAP diluted earnings per share between \$0.95 and \$1.05.

##### Rent-A-Center Business

- For the Rent-A-Center Business, revenues are expected to be between \$465 million and \$475 million and Adjusted EBITDA between \$100 million and \$105 million.
- Same store sales are expected to be between 10 and 12% for the third quarter.
- Skip/stolen losses for the third quarter are expected to be approximately 2% of revenue. The Company continues to believe its skip/stolen loss reserves do not require any adjustments for potential adverse trends related to the pandemic.

##### Preferred Lease

- For the Preferred Lease business, revenues are expected to be between \$190 million and \$200 million and Adjusted EBITDA between \$15 million and \$20 million.
- Invoice volume growth is expected to be approximately 35% for the third quarter on a year over year basis, sequentially better than the 25% growth in the second quarter.
- Skip/stolen losses in the third quarter are expected to be between 11% and 12% of revenue. The Company believes it has adequately reserved for potential adverse trends related to the pandemic and does not anticipate incremental pandemic related charges to be taken in the third or fourth quarters.

#### Updated 2020 Guidance <sup>(1)</sup>

The Company has increased full year 2020 guidance and now expects the following consolidated results:

- Revenues of \$2.780 to \$2.830 billion
- Adjusted EBITDA of \$295 to \$320 million <sup>(2)</sup>
- Non-GAAP diluted earnings per share of \$3.15 to \$3.45 <sup>(2)</sup>
- Free Cash Flow of \$155 to \$180 million <sup>(2)</sup>

(1) Includes Rent-A-Center Business, Preferred Lease, Mexico, Franchise and Corporate segments; guidance does not include the impact of new franchising transactions.

(2) Non-GAAP financial measure. See descriptions below in this release. Because of the inherent uncertainty related to the special items discussed below, management does not believe it is able to provide a meaningful forecast of the comparable GAAP measures or reconciliation to any forecasted GAAP measure without unreasonable effort.

## About Rent-A-Center, Inc.

Rent-A-Center, Inc. (NASDAQ: RCII) is an industry leading omni-channel lease-to-own provider for the credit constrained customer. The Company focuses on improving the quality of life for its customers by providing access and the opportunity to obtain ownership of high-quality, durable products via small payments over time under a flexible lease-purchase agreement and no long-term debt obligation. Preferred Lease provides virtual and staffed lease-to-own solutions to retail partners in stores and online enabling our partners to grow sales by expanding their customer base utilizing our differentiated offering. The Rent-A-Center Business and Mexico segments provide lease-to-own options on products such as furniture, appliances, consumer electronics, and computers in approximately 2,100 Rent-A-Center stores in the United States, Mexico, and Puerto Rico and on its e-commerce platform, [Rentacenter.com](http://Rentacenter.com). The Franchising segment is a national franchiser of approximately 370 franchise locations. Rent-A-Center is headquartered in Plano, Texas. For additional information about the Company, please visit our website at [Rentacenter.com](http://Rentacenter.com) or [investor.rentacenter.com](http://investor.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," "predict," "continue," "should," "anticipate," "believe," or "confident," or the negative thereof or variations thereon or similar terminology and including, among others, statements concerning the Company's business outlook and guidance for the third quarter and full year 2020 and the expected impact of the COVID-19 pandemic on the Company's business, financial condition and results of operations. 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 and adversely from such statements. Factors that could cause or contribute to such differences include, but are not limited to: (1) the impact of the COVID-19 pandemic and related government and regulatory restrictions issued to combat the pandemic, including adverse changes in such restrictions, and impacts on (i) demand for the Company's lease-to-own products offered in the Company's operating segments, (ii) the Company's Preferred Lease retail partners, (iii) the Company's customers and their willingness and ability to satisfy their lease obligations, (iv) the Company's suppliers' ability to satisfy merchandise needs, (v) the Company's coworkers, including the ability to adequately staff operating locations, (vi) the Company's financial and operational performance, and (vii) the Company's liquidity; (2) the general strength of the economy and other economic conditions affecting consumer preferences and spending; (3) factors affecting the disposable income available to the Company's current and potential customers; (4) changes in the unemployment rate; (5) capital market conditions, including availability of funding sources for the Company; (6) changes in the Company's credit ratings; (7) difficulties encountered in improving the financial and operational performance of the Company's business segments; (8) risks associated with pricing changes and strategies being deployed in the Company's businesses; (9) the Company's ability to continue to realize benefits from its initiatives regarding cost-savings and other EBITDA enhancements, efficiencies and working capital improvements; (10) the Company's ability to continue to effectively execute its strategic initiatives; (11) failure to manage the Company's store labor and other store expenses, including merchandise losses; (12) disruptions caused by the operation of the Company's store information management systems; (13) risks related to the Company's virtual lease-to-own business, including the Company's ability to continue to develop and successfully implement the necessary technologies; (14) the Company's ability to achieve the benefits expected from its integrated retail preferred offering, Preferred Lease, including its ability to integrate its historic retail partner business (Acceptance Now) and the Merchants Preferred business under the Preferred Lease offering and to successfully grow this business segment; (15) exposure to potential operating margin degradation due to the Company's higher merchandise losses; (16) the Company's transition to more-readily scalable "cloud-based" solutions; (17) the Company's ability to develop and successfully implement digital or E-commerce capabilities, including mobile applications; (18) disruptions in the Company's supply chain; (19) limitations of, or disruptions in, the Company's distribution network; (20) rapid inflation or deflation in the prices of the Company's products; (21) the Company's ability to execute and the effectiveness of store consolidations, including the Company's ability to retain the revenue from customer accounts merged into another store location as a result of a store consolidation; (22) the Company's available cash flow and its ability to generate sufficient cash flow to continue paying dividends; (23) increased competition from traditional competitors, virtual lease-to-own competitors, online retailers and other competitors, including subprime lenders; (24) the Company's ability to identify and successfully market products and services that appeal to its current and future targeted customer segments; (25) consumer preferences and perceptions of the Company's brands and those of its retail partners; (26) the Company's ability to retain the revenue associated with acquired customer accounts and enhance the performance of acquired stores; (27) the Company's ability to enter into new, and collect on, its rental or lease purchase agreements; (28) changes in the enforcement of existing laws and regulations and the enactment of new laws and regulations adversely affecting the Company's businesses; (29) the Company's compliance with applicable statutes or regulations governing its businesses; (30) changes in interest rates; (31) changes in tariff policies; (32) adverse changes in the economic conditions of the industries, countries or markets that the Company serves; (33) information technology and data security costs; (34) 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; (35) changes in estimates relating to self-insurance liabilities and income tax and litigation reserves; (36) changes in the Company's effective tax rate; (37) fluctuations in foreign currency exchange rates; (38) the Company's ability to maintain an effective system of internal controls; (39) litigation or administrative proceedings to which the Company is or may be a party to from time to time; and (40) 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, 2019 and in its subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. 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.

## Use of Non-GAAP Financial Measures

This release contains certain financial information determined by methods other than in accordance with U.S. Generally Accepted Accounting Principles (GAAP), including (1) Non-GAAP diluted earnings per share (net earnings, as adjusted for special items (as defined below), net of taxes, divided by the number of shares of our common stock on a fully diluted basis), (2) Adjusted EBITDA (net earnings before interest, taxes, depreciation and amortization, as adjusted for special items) on a consolidated and segment basis and (3) Free Cash Flow (net cash provided by operating activities less capital expenditures). "Special items" refers to certain gains and charges we view as extraordinary, unusual or non-recurring in nature and which we believe do not reflect our core business activities. Because of the inherent uncertainty related to the special items, management does not believe it is able to provide a meaningful forecast of the comparable GAAP measures or reconciliation to any forecasted GAAP measure without unreasonable effort.

These non-GAAP measures are additional tools intended to assist our management in comparing our performance on a more consistent basis for

purposes of business decision-making by removing the impact of certain items management believes do not directly reflect our core operations. These measures are intended to assist management in evaluating operating performance and liquidity, comparing performance and liquidity across periods, planning and forecasting future business operations, helping determine levels of operating and capital investments and identifying and assessing additional trends potentially impacting our company that may not be shown solely by comparisons of GAAP measures. Consolidated Adjusted EBITDA and Free Cash Flow are also used as part of our incentive compensation program for our executive officers and others.

We believe these non-GAAP financial measures also provide supplemental information that is useful to investors, analysts and other external users of our consolidated financial statements in understanding our financial results and evaluating our performance and liquidity from period to period. However, non-GAAP financial measures have inherent limitations and are not substitutes for or superior to, and they should be read together with, our consolidated financial statements prepared in accordance with GAAP. Further, because non-GAAP financial measures are not standardized, it may not be possible to compare such measures to the non-GAAP financial measures presented by other companies, even if they have the same or similar names.

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