



Rent-A-Center, Inc. Reports Record First Quarter 2002 Results

April 29, 2002

PLANO, Texas, Apr 29, 2002 \$1.20 EPS Over 18% Above Consensus Estimates; Same Store Sales Increase 7.7%; Raises EPS Guidance to \$4.30 to \$4.40 for 2002 Rent-A-Center, Inc. (Nasdaq: RCII) (the "Company"), announced today record revenues and record net earnings for the quarter ended March 31, 2002.

The Company, the nation's largest rent-to-own operator, had total revenues for the quarter ended March 31, 2002 of \$498.6 million, a \$58.9 million increase from \$439.7 million for the same period in the prior year. This increase of 13.4% was largely a result of better than expected same store sales growth of 7.7% and incremental revenues generated in new and acquired stores, as well as an increase in the amount of merchandise sales.

Net earnings for the quarter ended March 31, 2002 were \$43.6 million, or \$1.20 per diluted share, representing an increase of 74.3% over the net earnings of \$25.0 million, or \$0.69 per diluted share, reported for the same period in the prior year. After adjusting reported results for the first quarter of 2001 to exclude the effects of goodwill amortization, net earnings and diluted earnings per common share increased \$12.4 million and \$0.34, respectively, for an increase in diluted earnings per common share of 39.5%, on a comparable basis. The increase in net earnings and earnings per diluted share are primarily attributable to the Company's increase in revenues, operational improvements in existing stores and a renewed focus on cost control.

"The outstanding results for the first quarter of 2002 are a tribute to the hard work and dedication of every employee in the organization," commented Mark E. Speese, the Company's Chairman and Chief Executive Officer. "Since my return seven months ago, everyone has embraced the renewed focus on profitability and expense management while continuing to capitalize on the strong demand for our products and services, and we are now witnessing the results," Mr. Speese added. "Due to the strong trends in demand, as well as the effectiveness of our business model," continued Mr. Speese, "we are pleased to announce increased earnings expectations of between \$4.30 and \$4.40 per diluted share for 2002 and a long term earnings growth rate of approximately 15% a year beginning in 2003."

During the first quarter of 2002, the Company opened six new locations and acquired three additional stores while consolidating three locations into existing stores and selling a further three locations. The Company also purchased accounts from 19 additional locations during the first quarter of 2002. Since March 31, 2002, the Company has opened six additional new stores, acquired three stores and has purchased accounts from 11 additional locations. For the entire year ending December 31, 2002, the Company intends to add approximately 5% to 10% to its store base by opening between 60 and 80 new store locations as well as continuing to pursue opportunistic acquisitions. The Company expects to accelerate the number of new store openings each year beginning in 2003 to between 100 and 120 new store locations.

The Company intends to fund the new store growth initiatives with internally generated cash flows. At December 31, 2001, the Company had approximately \$108.0 million of cash on hand. During the first quarter ended March 31, 2002, the Company generated cash flows from operations of \$96.3 million and, after repurchasing \$34.7 million of common stock from the Company's former Chairman in January of 2002, ended the first quarter with \$167.3 million of cash on hand. Mr. Mitchell E. Fadel, the Company's President, stated, "Our strong cash flow in the first quarter gives us a high level of confidence in our ability to further reduce our leverage, as well as achieve our new store growth targets with our own capital."

Rent-A-Center, headquartered in Plano, Texas currently operates 2,293 company-owned rent-to-own stores in 50 states, Washington D.C. and Puerto Rico. The stores offer high-quality, durable goods such as home electronics, appliances, computers, and furniture and accessories to consumers under flexible rental purchase agreements that allow the customer to obtain ownership of the merchandise at the conclusion of an agreed-upon rental period. ColorTyme, Inc., a wholly owned subsidiary of the Company, is a national franchisor of 337 rent-to-own stores, 325 of which operate under the trade name of "ColorTyme," and the remaining 12 of which operate under the "Rent-A-Center" name.

The following statements are based on current expectations. These statements are forward-looking, and actual results may differ materially. These statements do not include the potential impact of store acquisitions that may be completed after March 31, 2002.

SECOND QUARTER 2002 GUIDANCE:

Revenues

- The Company expects total revenues to be in the range of \$478.5 million to \$488.5 million.
- Store rental and fee revenues are expected to be between \$445 million and \$450 million.
- Total store revenues are expected to be in the range of \$466 million to \$475 million.
- Same store sales increases are expected to be in the 3.5% to 5.5% range.

-- The Company expects to open 10-15 new store locations.

Expenses

- The Company expects depreciation of rental merchandise to be between 20.7% and 20.8% of store rental and fee revenue and cost of goods on merchandise sales to be between 75% and 85% of store merchandise sales.
- Store salaries and other expenses are expected to be in the range of 55.6% to 56.6% of total store revenue.
- General and administrative expenses are expected to be between 3.0% and 3.3% of total revenue.
- Interest expense is expected to be approximately \$14.5 million and amortization of intangibles is expected to be approximately \$0.75 million.
- The effective tax rate is expected to be approximately 40.5% of pre-tax income.
- Diluted earnings per share are estimated to be in the range of \$1.06 to \$1.10.
- Diluted shares outstanding are estimated to be between 36.8 million and 37.5 million.

FISCAL 2002 GUIDANCE:

Revenues

- The Company expects total revenues to be in the range of \$1.94 billion and \$1.99 billion.
- Store rental and fee revenues are expected to be between \$1.78 billion and \$1.81 billion.
- Total store revenues are expected to be in the range of \$1.88 billion and \$1.92 billion.
- Same store sales increases are expected to be in the 4% to 6% range.
- The Company expects to open approximately 60 to 80 new store locations.

Expenses

- The Company expects depreciation of rental merchandise to be between 20.6% and 20.8% of store rental and fee revenue and cost of goods on merchandise sales to be between 75% and 80% of store merchandise sales.
- Store salaries and other expenses are expected to be in the range of 55.0% to 56.5% of total store revenue.
- General and administrative expenses are expected to be between 3.0% and 3.2% of total revenue.
- Interest expense is expected to be between \$57.5 million and \$60.0 million and amortization of intangibles is expected to be approximately \$3.0 million.
- The effective tax rate is expected to be approximately 40.5% of pre-tax income.
- Diluted earnings per share are estimated to be in the range of \$4.30 to \$4.40.
- Diluted shares outstanding are estimated to be between 37.3 million and 38.3 million.

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," or "believe," or the negative thereof or variations thereon or similar terminology. Although the Company believes that the expectations reflected in such forward-looking statements will prove to be correct, the Company can give no assurance that such expectations will prove to have been correct. The actual future performance of the Company could differ materially from such statements. Factors that could cause or contribute to such differences include, but are not limited to: uncertainties regarding the ability to open new stores; the Company's ability to acquire additional rent-to-own stores on favorable terms; the Company's ability to enhance the performance of these acquired stores; the Company's ability to control store level costs and implement its margin enhancement initiatives; the Company's ability to realize benefits from its margin enhancement initiatives; the results of the Company's litigation; the passage of legislation adversely affecting the rent-to-own industry; interest rates; the Company's ability to collect on its rental purchase agreements; the Company's ability to effectively hedge interest rates on its outstanding debt; changes in the Company's effective tax rate; and the other risks detailed from time to time in the Company's SEC filings, including but not limited to, its annual report on Form 10-K for the year ended December 31,

2001. 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 of this press release or to reflect the occurrence of unanticipated events.

Rent-A-Center, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF EARNINGS HIGHLIGHTS

(In Thousands of Dollars, except per share data)	Three Months Ended March 31,	
	2002	2001
	Unaudited	
Total Revenues	\$498,610	\$439,702
Operating Profit	88,296	62,485
Net Earnings	43,563	24,998
Diluted Earnings Per Common Share	1.20	0.69
EBITDA	\$98,482	\$78,558

DILUTED EARNINGS PER COMMON SHARE
BEFORE GOODWILL AMORTIZATION

(In Thousands of Dollars, except per share data)	Three Months Ended March 31,	
	2002	2001
	Unaudited	
Net Earnings	\$43,563	\$24,998
Goodwill Amortization Net of Tax Effects	---	6,160
Adjusted Net Earnings	\$43,563	\$31,158
Diluted Weighted Average Shares Outstanding	36,321	36,375
Diluted Earnings Per Common Share Before Goodwill Amortization	\$1.20	\$0.86

Selected Balance Sheet Data:
(in Thousands of Dollars)

	March 31, 2002	March 31, 2001
Cash and cash equivalents	\$167,264	\$27,541
Prepaid expenses and other assets	27,228	37,330
Rental merchandise, net		
On rent	544,471	515,395
Held for rent	112,073	110,869
Total Assets	1,671,765	1,511,577
Senior debt	428,000	528,135
Subordinated notes payable	274,525	175,000
Total Liabilities	957,630	885,119
Stockholders' Equity	419,461	342,570

Rent-A-Center, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF EARNINGS

(In Thousands of Dollars, except per share data)	Three months ended March 31,	
	2002	2001
	Unaudited	
Revenues		
Store		
Rentals and fees	\$443,705	\$393,123
Merchandise sales	39,605	30,759

Other	614	1,330
	483,924	425,212
Franchise		
Merchandise sales	13,253	13,027
Royalty income and fees	1,433	1,463
Total revenues	498,610	439,702
Operating expenses		
Direct store expenses		
Depreciation of rental merchandise	92,223	80,812
Cost of merchandise sold	26,982	21,555
Salaries and other expenses	262,619	242,219
Franchise cost of merchandise sold	12,653	12,494
	394,477	357,080
General and administrative expenses	15,117	12,869
Amortization of intangibles	720	7,268
Total operating expenses	410,314	377,217
Operating profit	88,296	62,485
Interest expense	15,798	16,510
Interest income	(723)	(361)
Earnings before income taxes	73,221	46,336
Income tax expense	29,658	21,338
NET EARNINGS	43,563	24,998
Preferred dividends	4,992	4,325
Net earnings allocable to common stockholders	\$38,571	\$20,673
Basic weighted average shares outstanding	24,515	24,959
Basic earnings per common share	\$1.57	\$0.83
Diluted weighted average shares outstanding	36,321	36,375
Diluted earnings per common share	\$1.20	\$0.69

SOURCE Rent-A-Center, Inc.

CONTACT: Peter J. Bates, Vice President - Finance, Director of Investor Relations, +1-972-801-1205, or pbates@racenter.com , or Robert D. Davis, Chief Financial Officer, +1-972-801-1204, or rdavis@racenter.com , or Mitchell E. Fadel, President, +1-972-801-1114, or mfadel@racenter.com , or Mark E. Speese, Chairman and CEO, +1-972-801-1199, or mspeese@racenter.com , all of Rent-A-Center, Inc.

URL: <http://www.rentacenter.com>