



Rent-A-Center, Inc. Reports First Quarter 2004 Results; Record Diluted Earnings per Share of \$0.63; Cash Flow from Operations was \$157.4 Million

April 26, 2004

PLANO, Texas--(BUSINESS WIRE)--April 26, 2004--Rent-A-Center, Inc. (the "Company") (Nasdaq/NNM:RCII), announced today revenues and net earnings for the quarter ended March 31, 2004.

The Company, the nation's largest rent-to-own operator, had total revenues for the quarter ended March 31, 2004 of \$585.4 million, a \$19.0 million increase from \$566.4 million for the same period in the prior year. This increase of 3.3% was a result of an increase in merchandise sales and incremental revenues generated in new and acquired stores, offset by a decrease in same store sales of 1.3%.

Net earnings for the quarter ended March 31, 2004 were \$52.2 million, or \$0.63 per diluted share, representing an increase of 10.5% over the diluted earnings per share of \$0.57, or net earnings of \$51.0 million, reported for the same period in the prior year. The increase in net earnings and earnings per diluted share was primarily attributable to the Company's increase in revenues as described above, as well as a lower tax rate and the benefits associated with the recapitalization completed in the spring of 2003.

"We are pleased to be reporting record diluted earnings per share for the first quarter of 2004," commented Mark E. Speese, the Company's Chairman and Chief Executive Officer. "Furthermore, we are beginning to see positive trends in our payouts, which had been running abnormally high over the last year or so, and as a result, we believe we will see positive growth in our same store sales by the fourth quarter of this year." Speese continued, "Finally, with the fundamentals of the business still intact and the continued strength in our cash flow, we intend to continue to expand our business model through new stores and acquisitions."

During the first quarter of 2004, the Company opened 22 new store locations and acquired 23 new stores, including five in Canada. In addition, the Company consolidated 16 locations into existing stores and purchased accounts from 19 locations, as well as sold six stores. Since March 31, 2004, the Company has opened four additional new stores and has consolidated three locations into existing stores, one of which was a Get-It-Now store. For the entire year ending December 31, 2004, the Company intends to open between 80 and 120 new store locations as well as pursue opportunistic acquisitions. Furthermore, the Company currently anticipates closing the previously announced acquisition of Rainbow Rentals in the mid to late May 2004 timeframe and continues to believe that, after a transition period in 2004, the acquisition will add incremental operating profit, beginning in 2005, of approximately \$17 million annually, including cost savings attributable to economies of scale in advertising, purchasing and overhead.

Rent-A-Center will host a conference call to discuss the first quarter financial results and other business updates on Tuesday morning, April 27, 2004, at 10:45 a.m. EDT. For a live webcast of the call, visit <http://investor.rentacenter.com>. Certain financial and other statistical information that will be discussed during the conference call will also be provided on the same website.

Rent-A-Center, Inc., headquartered in Plano, Texas, currently operates 2,673 company-owned stores nationwide, and in Canada and Puerto Rico. The stores generally offer high-quality, durable goods such as home electronics, appliances, computers, and furniture and accessories to consumers under flexible rental purchase agreements that generally 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 322 rent-to-own stores, 310 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 April 26, 2004, other than the previously announced Rainbow acquisition.

SECOND QUARTER 2004 GUIDANCE:

Revenues

- The Company expects total revenues to be in the range of \$564.0 million to \$569.0 million.
- Store rental and fee revenues are expected to be between \$510.0 million and \$515.0 million.
- Total store revenues are expected to be in the range of \$552.5 million to \$557.5 million.

- Same store sales are expected to be in the (1.0%) and (1.5%) range.
- The Company expects to open 20-25 new store locations.

Expenses

- The Company expects depreciation of rental merchandise to be between 21.5% and 21.9% of store rental and fee revenue and cost of goods on merchandise sales to be between 74% and 79% of store merchandise sales.
- Store salaries and other expenses are expected to be in the range of 53.5% to 55.0% of total store revenue.
- General and administrative expenses are expected to be between 3.0% and 3.2% of total revenue.
- Net interest expense is expected to be approximately \$9.0 million and amortization of intangibles is expected to be approximately \$3.0 million.
- The effective tax rate is expected to be between 37.5% and 38.0% of pre-tax income.
- Diluted earnings per share are estimated to be in the range of \$0.60 to \$0.62.
- Diluted shares outstanding are estimated to be between 82.5 million and 83.5 million.

FISCAL 2004 GUIDANCE:

Revenues

- The Company expects total revenues to be in the range of \$2.345 billion and \$2.375 billion.
- Store rental and fee revenues are expected to be between \$2.095 billion and \$2.115 billion.
- Total store revenues are expected to be in the range of \$2.285 billion and \$2.315 billion.
- Same store sales are expected to be in the (1.0%) to 1.0% range.
- The Company expects to open between approximately 80 and 120 new store locations.

Expenses

- The Company expects depreciation of rental merchandise to be between 21.5% and 21.9% of store rental and fee revenue and cost of goods on merchandise sales to be between 73% and 78% of store merchandise sales.
- Store salaries and other expenses are expected to be in the range of 53.5% to 55.0% of total store revenue.
- General and administrative expenses are expected to be between 3.0% and 3.2% of total revenue.
- Net interest expense is expected to be between \$35.0 million and \$40.0 million and amortization of intangibles is expected

to be approximately \$10.0 million.

- The effective tax rate is expected to be between 37.5% and 38.0% of pre-tax income.
- Diluted earnings per share are estimated to be in the range of \$2.62 to \$2.70.
- Diluted shares outstanding are estimated to be between 82.5 million and 84.5 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; 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; changes in the Company's effective tax rate; changes in the Company's stock price and the number of shares of common stock that the Company may or may not repurchase; the approval of the acquisition of Rainbow by Rainbow shareholders; the ability of the Company to successfully integrate the acquired Rainbow stores into the Company's operating system; the Company's ability to enhance the performance of the acquired Rainbow stores; the ability to close the transaction in the period currently anticipated; the satisfaction of the closing conditions to the Rainbow acquisition; the ability to realize the cost savings anticipated; 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/A for the year ended December 31, 2003. 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,	
	2004	2003
	Unaudited	
Total Revenues	\$585,380	\$566,406
Operating Profit	92,659	96,291
Net Earnings	52,209	50,959
Diluted Earnings Per Common Share	0.63	0.57
EBITDA	\$106,396	\$109,284
Reconciliation to EBITDA:		
Reported earnings before income taxes	\$83,803	\$83,539
Add back:		
Interest expense, net	8,856	12,752
Depreciation of property assets	11,249	10,120
Amortization of intangibles	2,488	2,873
EBITDA	\$106,396	\$109,284

Selected Balance Sheet Data:

(in Thousands of Dollars)

March 31, March 31,

	2004	2003
	-----	-----
Cash and cash equivalents	\$ 273,391	\$ 103,151
Prepaid expenses and other assets	42,444	25,717
Rental merchandise, net		
On rent	557,484	556,415
Held for rent	140,418	136,909
Total Assets	1,954,674	1,729,618
Senior debt	397,000	249,500
Subordinated notes payable	300,000	271,849
Total Liabilities	1,110,307	841,687
Stockholders' Equity	844,367	887,931

Rent-A-Center, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF EARNINGS

(In Thousands of Dollars, except per share data)	Three months ended March 31,	
	2004	2003
	-----	-----
Revenues	Unaudited	
Store		
Rentals and fees	\$504,290	\$493,419
Merchandise sales	59,423	52,664
Installment sales	6,698	6,045
Other	1,080	715
	-----	-----
	571,491	552,843
Franchise		
Merchandise sales	12,464	12,072
Royalty income and fees	1,425	1,491
	-----	-----
Total revenues	585,380	566,406
Operating expenses		
Direct store expenses		
Depreciation of rental merchandise	108,315	106,660
Cost of merchandise sold	39,611	36,548
Cost of installment sales	3,145	3,231
Salaries and other expenses	309,084	292,496
Franchise cost of merchandise sold	11,892	11,551
	-----	-----
	472,047	450,486
General and administrative expenses	18,186	16,756
Amortization of intangibles	2,488	2,873
	-----	-----
Total operating expenses	492,721	470,115
	-----	-----
Operating profit	92,659	96,291
Interest expense	10,359	13,523
Interest income	(1,503)	(771)

	-----	-----
Earnings before income taxes	83,803	83,539
Income tax expense	31,594	32,580
	-----	-----
NET EARNINGS	52,209	50,959
Preferred dividends	--	--
	-----	-----
Net earnings allocable to common stockholders	\$52,209	\$50,959
	=====	=====
Basic weighted average shares outstanding	80,285	87,240
	=====	=====
Basic earnings per common share	\$0.65	\$0.58
	=====	=====
Diluted weighted average shares outstanding	82,887	89,840
	=====	=====
Diluted earnings per common share	\$0.63	\$0.57
	=====	=====

CONTACT: Rent-A-Center, Inc., Plano
David E. Carpenter, 972-801-1214
dcarpenter@racenter.com

SOURCE: Rent-A-Center, Inc.