



Rent-A-Center, Inc. Reports Fourth Quarter and Year End 2003 Results; Diluted Earnings Per Share Rise 24%; Operating Cash Flow Exceeds \$339 Million for the Year

February 9, 2004

PLANO, Texas--(BUSINESS WIRE)--Feb. 9, 2004--Rent-A-Center, Inc. (the "Company") (Nasdaq/NNM:RCII), the nation's largest rent-to-own operator, today announced revenues and net earnings for the quarter ended December 31, 2003.

The Company reported net earnings for the quarter ended December 31, 2003 of \$51.5 million, or \$0.62 per diluted share, an increase of 24.0% from the same quarter of the prior year. Total revenues for the quarter ended December 31, 2003 increased to \$558.7 million as compared to \$522.2 million for the same quarter of the prior year. Incremental revenues generated in new and acquired stores primarily drove this 7.0% increase. Same store revenues during the fourth quarter of 2003 increased 0.2% above the comparable quarter of 2002. The Company's quarterly growth in net earnings resulted primarily from the increase of revenues as outlined above, as well as the benefits associated with the Company's recapitalization program.

Net earnings for the twelve months ended December 31, 2003 were \$203.2 million, or \$2.33 per diluted share, when excluding the after tax effected non-recurring finance charge of approximately \$21.7 million associated with the recapitalization program, an increase of 22.6% over the diluted earnings per share of \$1.90, or net earnings of \$172.2 million for the prior year. Total revenues for the twelve months ended December 31, 2003 increased to \$2.228 billion from \$2.010 billion in 2002, representing an increase of 10.9%. Same store revenues for the twelve month period ending December 31, 2003 increased 3.0%.

"We are pleased with the results for the fourth quarter, where we saw increases in both revenues and earnings, as well as continued strength in our cash flow," commented Mark E. Speese, the Company's Chairman and Chief Executive Officer. The Company's cash flow from operations was \$38.9 million for the fourth quarter of 2003 and \$339.5 million for the twelve months ended December 31, 2003. "We continue to believe that our ability to generate cash creates significant opportunities for us to capitalize on our strategic growth initiatives and enhance stockholder value," Speese added.

During the fourth quarter of 2003, the Company opened 36 new store locations and acquired 17 stores as well as accounts from 21 additional locations. Through the twelve month period ending December 31, 2003, the Company opened 101 new stores, acquired a total of 160 others as well as accounts from 220 additional locations while consolidating 20 stores into existing locations. This net addition of 241 new locations equated to an increase of 10% to the store base. To date through the first quarter of 2004, excluding the recently announced acquisition of Rainbow Rentals which has not yet closed, the Company has opened six new store locations, acquired six stores and accounts from two additional locations.

"We continue to demonstrate our ability to grow the business in a multitude of ways," stated Mr. Speese, "and in particular, I am referring to the recent announcement of our reaching a definitive agreement to acquire Rainbow Rentals." Mr. Speese added, "We are very pleased with this development and believe the acquisition, after a transition period in 2004, 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. We believe the acquisition also illustrates the continued dynamics in the rent-to-own marketplace that we believe will allow us to expand our presence through accretive acquisitions of stores and accounts."

Rent-A-Center will host a conference call to discuss the fourth quarter and year end financial results on Tuesday morning, February 10, 2004, at 10:45 a.m. EST. 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 2,653 company-owned stores nationwide and in 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 franchiser of 325 rent-to-own stores, 313 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. Other than the expected results from the Rainbow Rentals acquisition, these statements do not include the potential impact of store acquisitions that may be completed after February 9, 2004.

FIRST QUARTER 2004 GUIDANCE:

Revenues

-- The Company expects total revenues to be in the range of \$583 million to \$588 million.

- Store rental and fee revenues are expected to be between \$505 million and \$509 million.
- Total store revenues are expected to be in the range of \$570 million to \$575 million.
- Same store sales increases are expected to be flat.
- The Company expects to open 20-30 new store locations.

Expenses

- The Company expects depreciation of rental merchandise to be between 21.6% and 22.0% of store rental and fee revenue and cost of goods merchandise sales to be between 70% and 75% of store merchandise sales.
- Store salaries and other expenses are expected to be in the range of 53.5% to 54.5% 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 \$3.4 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 \$0.62 to \$0.63.
- Diluted shares outstanding are estimated to be between 82.7 million and 83.7 million.

FISCAL 2004 GUIDANCE:

Revenues

- The Company expects total revenues to be in the range of \$2.362 billion and \$2.392 billion.
- Store rental and fee revenues are expected to be between \$2.109 billion and \$2.139 billion.
- Total store revenues are expected to be in the range of \$2.307 billion and \$2.337 billion.
- Same store sales increases are expected to be in the flat to 2% range.
- The Company expects to open approximately 80 to 120 new store locations.

Expenses

- The Company expects depreciation of rental merchandise to be between 21.6% and 22.0% of store rental and fee revenue and cost of goods 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 54.0% to 55.5% 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 \$34.0 million and \$38.0 million and amortization of intangibles is expected to be approximately \$11.0 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 83.0 million and 85.0 million.

This press release contains 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, and regarding the Company's announced acquisition of Rainbow Rentals, ("Rainbow"), the Company's ability to receive regulatory approval on terms acceptable to them; the approval of the acquisition of Rainbow by Rainbow's 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 of the Company to close the transaction in the time 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 for the year ended December 31, 2002 and its quarterly reports on Form 10-Q for the three month periods ending March 31, 2003, June 30, 2003 and September 30, 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

STATEMENT OF EARNINGS HIGHLIGHTS

(In Thousands of Dollars, except per share data)

	Three Months Ended December 31,	
	2003	2002
	Unaudited	
Total Revenue	\$558,659	\$522,213
Operating Profit	88,991	89,826
Net Earnings	51,499	45,218
Diluted Earnings per Common Share	\$0.62	\$0.50
EBITDA	\$103,467	\$101,506
Reconciliation to EBITDA:		
Reported earnings before income taxes	79,933	75,369
Add back:		
Interest expense, net	9,058	14,457
Depreciation of property assets	11,316	9,834
Amortization of intangibles	3,160	1,846
EBITDA	\$103,467	\$101,506

	Twelve Months Ended December 31,		
	2003	2003 (1)	2002
	Before Non- Recurring Finance Charge	After Non- Recurring Finance Charge	
	Unaudited		
Total Revenue	\$2,228,150	\$2,228,150	\$2,010,044
Operating Profit	370,022	370,022	350,449
Net Earnings	203,220	181,496	172,173
Diluted Earnings per Common Share	\$2.33	\$2.08	\$1.90
EBITDA	\$425,918	\$425,918	\$393,853

Reconciliation to EBITDA:

Reported earnings before income taxes	326,090	290,830	288,443
Add back:			
Non-recurring financing charge	--	35,260	--
Interest expense, net	43,932	43,932	62,006
Depreciation of property assets	43,384	43,384	38,359
Amortization of intangibles	12,512	12,512	5,045
EBITDA	\$425,918	\$425,918	\$393,853

(1) Including the effects of a pre-tax finance charge of \$35.3 million associated with the recapitalization of the Company. These charges reduced diluted earnings per share for the twelve month period ending December 31, 2003 by \$0.25 from \$2.33 per diluted share to \$2.08.

Selected Balance Sheet Data: December 31, 2003 December 31, 2002
(in Thousands of Dollars)

Cash and cash equivalents	\$143,941	\$85,723
Prepaid expenses and other assets	70,701	53,483
Rental merchandise, net		
On rent	542,909	510,184
Held for rent	137,792	120,072
Total Assets	1,831,302	1,626,652
Senior debt	398,000	249,500
Subordinated notes payable	300,000	271,830
Total Liabilities	1,036,472	784,252
Stockholders' Equity	794,830	842,400

Rent-A-Center, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF EARNINGS

(In Thousands of Dollars, except per share data) Three Months Ended
December 31,

	----- 2003	2002 -----
	----- Unaudited -----	
Store Revenue		
Rentals and Fees	\$503,300	\$472,472
Merchandise Sales	33,339	27,169
Installment Sales	6,780	6,137
Other	859	847
	-----	-----
	544,278	506,625
Franchise Revenue		
Franchise Merchandise Sales	12,970	14,209
Royalty Income and Fees	1,411	1,379
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Total Revenue	558,659	522,213
Operating Expenses		
Direct Store Expenses		
Depreciation of Rental Merchandise	108,918	101,315
Cost of Merchandise Sold	25,599	21,678
Cost of Installment Sales	3,198	3,776
Salaries and Other Expenses	299,466	274,616
Franchise Operation Expenses		
Cost of Franchise Merchandise Sales	12,453	13,587
	-----	-----
	449,634	414,972
General and Administrative Expenses	16,874	15,569
Amortization of Intangibles	3,160	1,846
	-----	-----
Total Operating Expenses	469,668	432,387
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Operating Profit	88,991	89,826
Interest Expense	10,419	15,117
Interest Income	(1,361)	(660)
	-----	-----
Earnings Before Income Taxes	79,933	75,369
Income Tax Expense	28,434	30,151
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NET EARNINGS	51,499	45,218
Preferred Dividends	--	1
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Net earnings allocable to common stockholders	\$51,499	\$45,217
	=====	=====
BASIC WEIGHTED AVERAGE SHARES	80,562	87,388
	=====	=====
BASIC EARNINGS PER COMMON SHARE	\$0.64	\$0.52
	=====	=====
DILUTED WEIGHTED AVERAGE SHARES	83,488	89,793
	=====	=====

DILUTED EARNINGS PER COMMON SHARE \$0.62 \$0.50
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Rent-A-Center, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF EARNINGS

(In Thousands of Dollars, except per share data)	Twelve Months Ended December 31,	
	2003	2002
	Unaudited	
Store Revenue		
Rentals and Fees	\$1,998,952	\$1,828,534
Merchandise Sales	152,984	115,478
Installment Sales	22,203	6,137
Other	3,083	2,589
	2,177,222	1,952,738
Franchise Revenue		
Franchise Merchandise Sales	45,057	51,514
Royalty Income and Fees	5,871	5,792
	2,228,150	2,010,044
Operating Expenses		
Direct Store Expenses		
Depreciation of Rental Merchandise	432,696	383,400
Cost of Merchandise Sold	112,283	84,628
Cost of Installment Sales	10,639	3,776
Salaries and Other Expenses	1,180,115	1,070,265
Franchise Operation Expenses		
Cost of Franchise Merchandise Sales	43,248	49,185
	1,778,981	1,591,254
General and Administrative Expenses		
Amortization of Intangibles	66,635	63,296
	12,512	5,045
	1,858,128	1,659,595
Operating Profit	370,022	350,449
Non-Recurring Finance Charge	35,260	--
Interest Expense	48,577	64,682
Interest Income	(4,645)	(2,676)
	290,830	288,443
Earnings Before Income Taxes		
Income Tax Expense	109,334	116,270
	181,496	172,173
NET EARNINGS		
Preferred Dividends	--	10,212
	181,496	182,385

Net earnings allocable to common stockholders	\$181,496	\$161,961
	=====	=====
BASIC WEIGHTED AVERAGE SHARES	84,139	73,458
	=====	=====
BASIC EARNINGS PER COMMON SHARE	\$2.16	\$2.20
	=====	=====
DILUTED WEIGHTED AVERAGE SHARES	87,208	90,865
	=====	=====
DILUTED EARNINGS PER COMMON SHARE	\$2.08	\$1.90
	=====	=====

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SOURCE: Rent-A-Center, Inc.