


Third Quarter 2019 Investor Presentation

November 2019

Safe Harbor

Forward-Looking Statements

This presentation and the guidance herein 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. 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; difficulties encountered in improving the financial and operational performance of the Company's business segments, including its ability to execute its franchise strategy; risks associated with pricing changes and strategies being deployed in the Company's businesses; the Company's ability to continue to realize benefits from its initiatives regarding cost-savings and other EBITDA enhancements, efficiencies and working capital improvements; the Company's ability to continue to effectively operate and execute its strategic initiatives; failure to manage the Company's store labor and other store expenses; disruptions caused by the operation of the Company's store information management system; the Company's ability to realize the strategic benefits from the acquisition of substantially all the assets and assumption of certain liabilities of C/C Financial Corp., a Delaware Corporation d/b/a Merchants Preferred ("Merchants Preferred" and the acquisition thereof, the "Merchants Preferred Acquisition"), including achieving expected growth rates, synergies and operating efficiencies from the acquisition; the Company's ability to successfully integrate Merchants Preferred's operations which may be more difficult, time-consuming or costly than expected; operating costs, loss of retail partners and business disruption arising from the Merchants Preferred Acquisition; the ability to retain certain key employees at Merchants Preferred; risks related to Merchants Preferred's virtual lease-to-own business; 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; disruptions in the Company's supply chain; limitations of, or disruptions in, the Company's distribution network; 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 and its ability to generate sufficient cash flow to pay dividends; 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 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 lease purchase agreements; the passage of legislation adversely affecting the Lease-to-Own industry; the Company's compliance with applicable statutes or regulations governing its transactions; changes in interest rates; capital market conditions, including availability of funding sources for the Company; changes in the Company's credit ratings; changes in tariff policies; 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 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; litigation or administrative proceedings to which the Company is or may be a party to from time to time; 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, 2018, and its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2019, and June 30, 2019. 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 presentation refers to adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), and free cash flow (net cash provided by operating activities less purchase of property assets), which are non-GAAP financial measures as defined in Item 10(e) of Regulation S-K. Management believes that presentation of these non-GAAP financial measures in this presentation are useful to investors in their analysis of the Company’s projected performance in future periods. This non-GAAP financial information should be considered as supplemental in nature and not as a substitute for or superior to the historical financial information prepared in accordance with GAAP. Further, these non-GAAP financial measures may differ from similar measures presented by other companies.

Please see the appendix for non-GAAP reconciliation of consolidated adjusted EBITDA. The Company has not quantitatively reconciled differences between adjusted EBITDA or free cash flow and their corresponding GAAP measures for future periods due to the inherent uncertainty regarding variables affecting the comparison of these measures.

Consolidated Highlights

Highlights

Q3 2019

Same store sales increase of 4.5%

- Two year same store sales increase of 10.2%

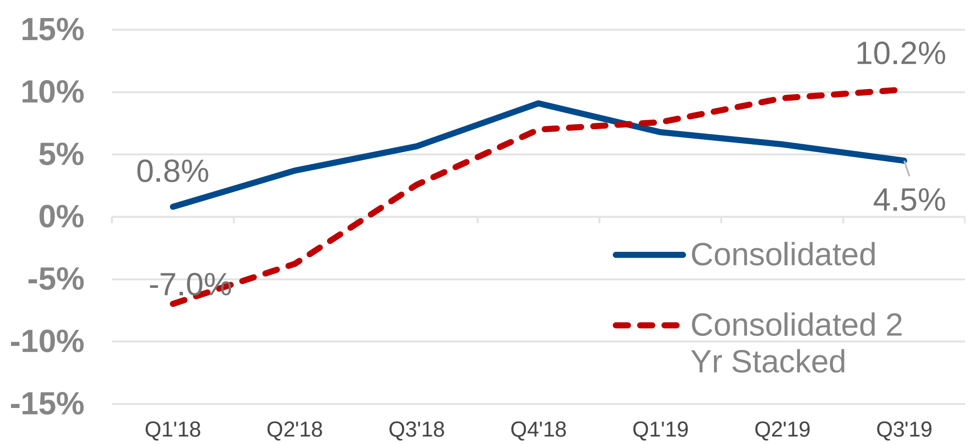
Adjusted EBITDA was $57 million, $7 million higher than Q3 2018

- EBITDA margin was 110 basis points higher than Q3 2018
- Driven by same store sales growth, cost savings initiatives and store rationalization

Business Developments

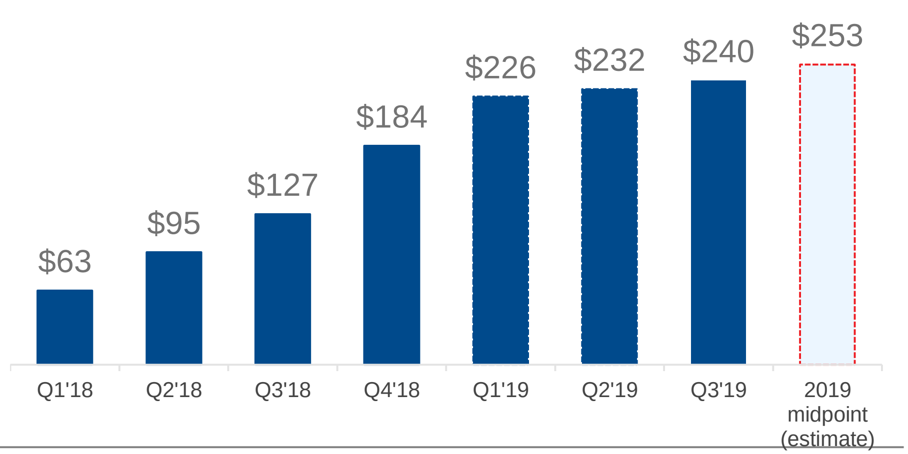
- Completed acquisition of Merchants Preferred, a virtual lease-to-own provider
- Completed debt refinancing; paid down $20M of debt
- Declared a $0.25 per share quarterly dividend, paid in early October

Same Store Sales



Adjusted EBITDA

Trailing Twelve Months



Core U.S. (Stores and e-Commerce)

Highlights

<u>Q3 2019</u>

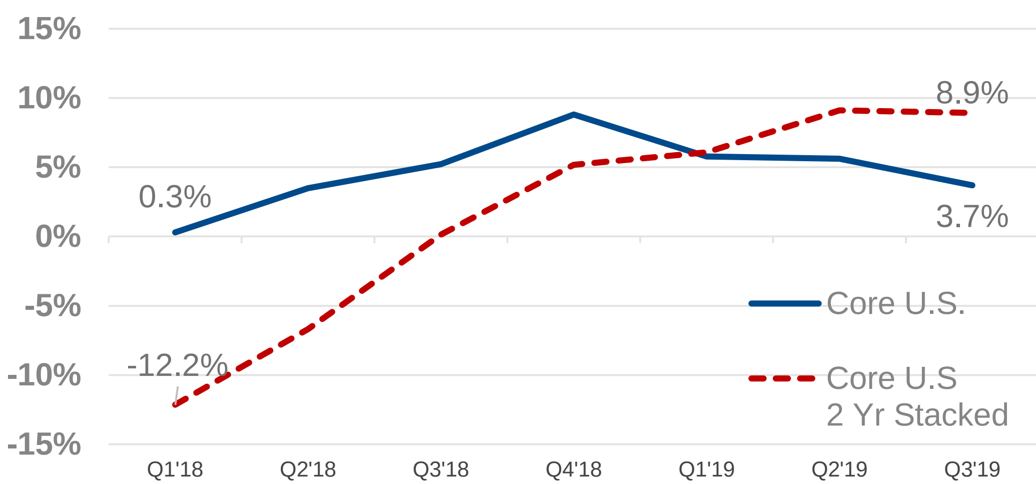
Same store sales increase of 3.7%

- Core U.S. portfolio finished Q3 up approximately 3.0% year over year on a same store basis
- Online traffic increased 22% year over year; online agreements increased 20% year over year
  - Agreements originating online will equate to approximately 17% of Core revenue

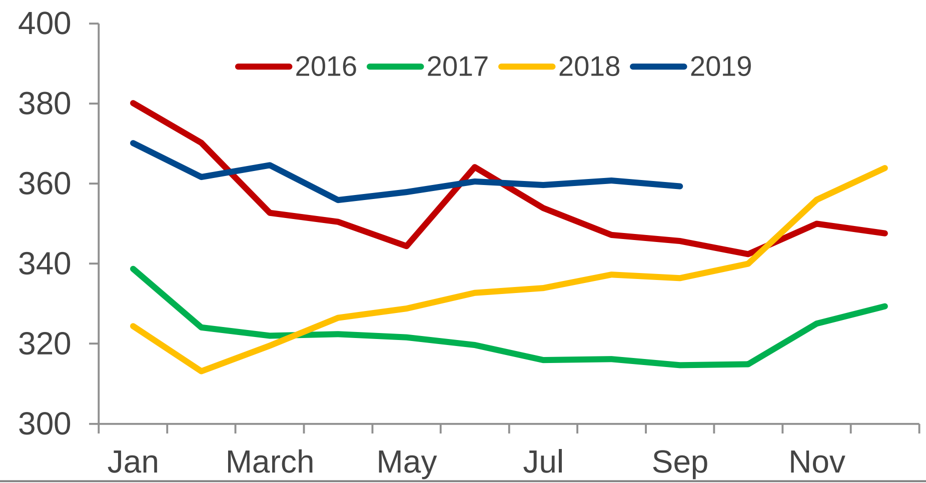
Adjusted EBITDA was $59 million, $8 million higher than Q3 2018

- EBITDA margin was 220 basis points higher than Q3 2018
- Driven by same store sales growth, cost savings initiatives and store rationalization

Same Store Sales



Customers (Per Store Average)



Acceptance Now (Includes Merchants Preferred)

Highlights

Q3 2019

Same store sales increase of 6.2%

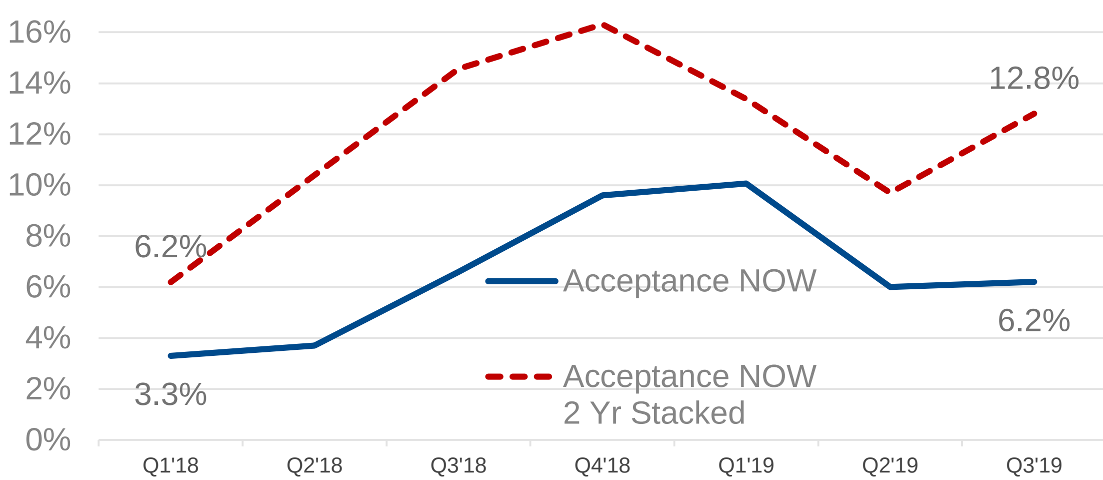
- Portfolio invoice volume was $129M, 19% above last year

Adjusted EBITDA was $22 million, 12.1% EBITDA margin

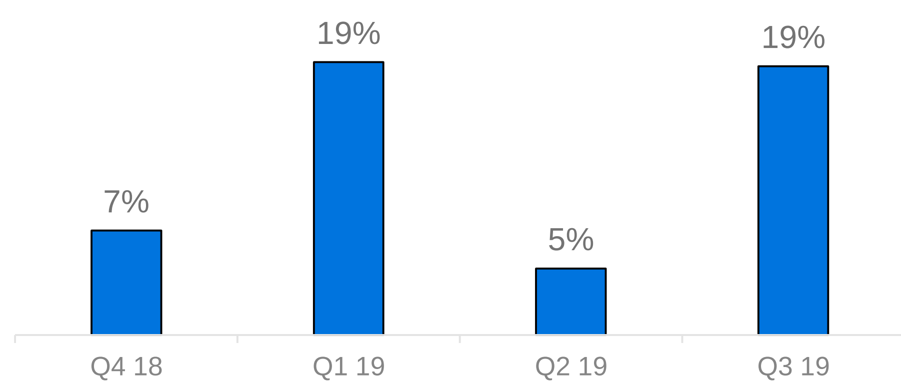
Virtual Update

- Since closing, we added approximately 200 new doors, including transitioning approximately 75 low volume virtual Acceptance Now locations to the Merchants Preferred platform
- Integrated sales team and invested in additional sales talent; call center integration under way
- Identified annual synergies of $3 to $5 million

Same Store Sales



Invoice Volume (% YoY)



Rent-A-Center today is…

…an industry leader in Lease-to-Own with approximately $2.7 Billion in LTM Revenues

Industry Leader

- Market leader in an industry with highly attractive fundamentals through the cycle
- Uniquely positioned in the industry with key fundamental differentiators
- Largest physical footprint in the industry with over 2,400 B&M locations in the United States, Mexico and Puerto Rico
- To date, virtually no impact from tariffs nor do we foresee any future impact based on current tariffs

Strong Business Model

- Advantaged business model with recurring revenue streams and significant cash flow generation
- Resilient operating model with demonstrated performance in the last recession
- Proven track record of optimizing costs with further opportunity
- Delivering growth through a superior customer-centric value proposition
- Continuing to serve the underbanked and unbanked customer

Positioned for Growth

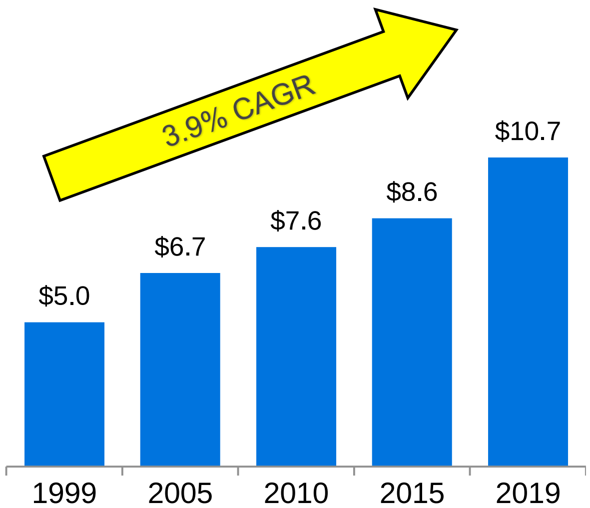
- Highly experienced management team who has successfully repositioned the business for future growth and profitability
- Engaging in a transformation effort to expand the Virtual Lease-to-Own market
- Strong, flexible balance sheet and commitment to conservative financial policy
- Continuing proven track record of returning capital to shareholders

Industry Overview

Lease-to-Own industry offers attractive opportunity for growth and has demonstrated stability during various macro-economic cycles…

LTO Industry Growth

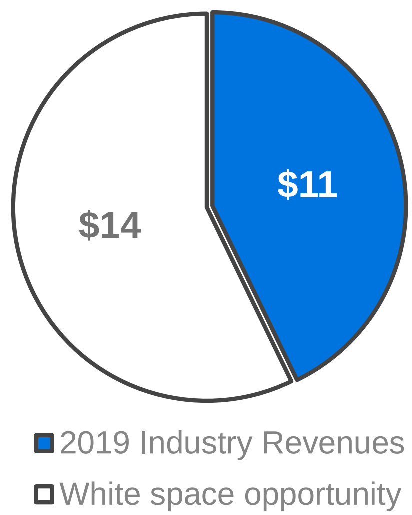
- Lease-to-Own Industry revenue +3.9% CAGR since 1999



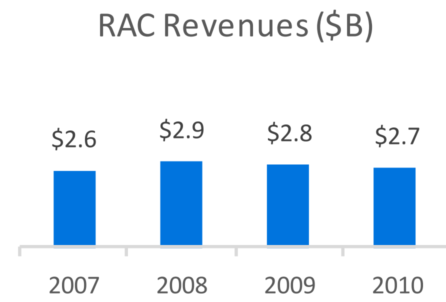
LTO Industry Potential

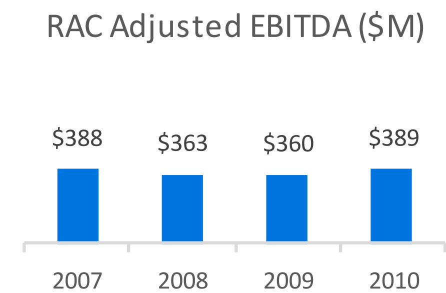
- Significant white space in the market through virtual, E-commerce platforms and new product verticals

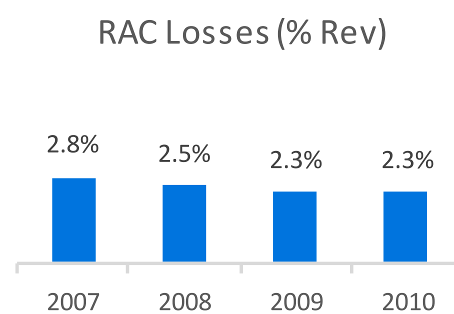
$25B+ Industry[1]



Recession Resilient







(1) Sources: Company Estimates; Association of Progressive Rental Organizations; FDIC Unbanked Survey

How We Serve The Customer

Core U.S.

Stores

Rent-A-Center serves customers by providing furniture, electronics, appliances & computers under Rent-A-Center, Get It Now, Home Choice, ColorTyme and RimTyme brand names

E-Commerce

Rentacenter.com serves as part of our omni-channel strategy for lease-to-own programs with future online enhancements targeted throughout 2020 and 2021

Acceptance Now

Staffed

Staffed and virtual lease-to-own models serve retail partners in categories including furniture, mattresses, mobile, tires & electronics

Hybrid

Hybrid allows the ability to staff during peak hours and serve a broader spectrum of customers (banked and unbanked)

Virtual

The retail partner business relies on several digital platforms for sales leads and transactions;

- Hosted websites AcceptanceNow.com, MPLease.com
- Integration into retail partner technology (website and POS)
- Integration into third party waterfall applications
- Proprietary virtual platforms deployed at retail partners

The Company's Strategic Plan will focus on…

… growing our business model with emphasis on offering the customer affordable, quality products while providing an Omni-channel experience

Acceptance Now

Accelerate our virtual growth strategy

- Invest in our virtual business and systems to expand into a large under served market
- Focus on national accounts and online retailers

Capitalize on our key differentiators

- Staffed model in high volume retail partner stores
- Virtual model integration with retailer POS systems using waterfall technology and retail partner websites
- Hybrid model offering with virtual technology during non-peak periods and staffed during peak selling periods

Core U.S.

Profitably grow our business

- Long term positive same store sales growth
  - Expand product verticals
  - E-commerce platform enhancements
  - Test smaller technology enabled concept stores
- Continue to optimize cost structure

Improve the customer experience

- Serve the customer through any channel using technology

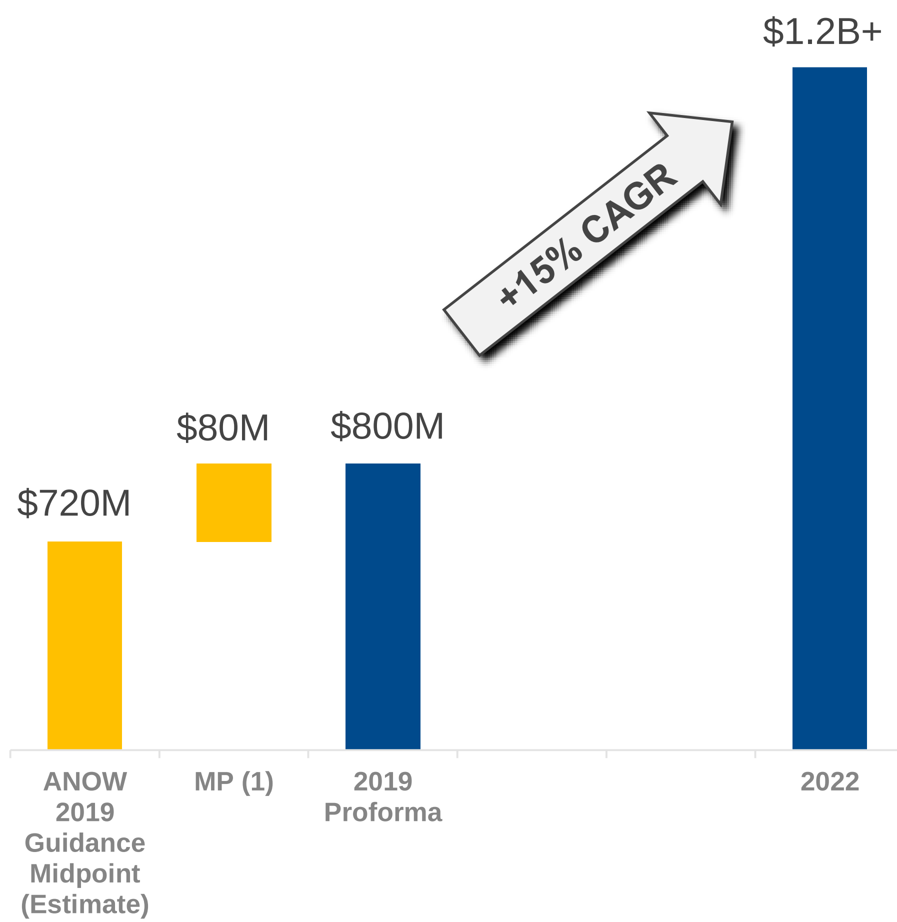
Source: Company information

Acceptance Now and Merchants Preferred Growth Opportunity

3 Year Growth Goals

- Grow annual revenues to $1.2B
- Drive invoice volume through:
  - Increased location count
  - Leverage nationwide sales team
  - Hybrid model
  - New product verticals
  - National retail partnerships
  - Improved capital position
- With the integration of virtual, operating margins are expected to dip slightly initially and be higher once virtual is a meaningful part of our business

Revenue



(1) Based on trailing twelve month performance

FINANCIAL HIGHLIGHTS

Profit and Loss Statement by Segment (Non-GAAP)

Q3 2019

($ in millions, except EPS)	Actual	%	Better (worse) versus 2018 Q3 $	Better (worse) versus 2018 Q3 %
Core U.S.	$436	67.2%	($15)	*(3.3%)*
Acceptance Now	184	28.4%	11	*6.4%*
Mexico	13	2.1%	1	*4.6%*
Franchising	15	2.3%	8	*102.9%*
Total Revenue	**$649**	**100.0%**	**$4**	***0.7%***
Core U.S.	$59	13.6%	$8	*220*
Acceptance Now	22	12.1%	(5)	*(350)*
Mexico	1	9.7%	0	*80*
Franchising	1	7.6%	1	*(10)*
Corporate	(27)	(4.2%)	4	*60*
Adjusted EBITDA	**$57**	**8.7%**	**$7**	***110 bps***
EPS	**$0.47**		**$0.15**	

Comments

$649M in Revenues

- 0.7% higher versus prior year primarily driven by positive same store sales of 4.5% offset by refranchising and closures of certain Core U.S. stores
- Same store sales driven by portfolio growth
- 2.7% higher consolidated revenue versus prior year, excluding franchise sales

$57M Adjusted EBITDA

- 8.7% of revenues; 110 bps improvement YoY primarily due to cost savings initiatives and a more compelling value proposition

$0.47 EPS

- $0.15 improvement YoY

Source: Company information

Balance Sheet and Cash Flow

Highlights

Balance Sheet / Cash Flow

- Aggressively deleveraged the balance sheet through refinancing
- Improved capital allocation flexibility
- Cash flow from operations of $228M as of Q3 YTD 2019
- Cash on balance sheet of $74M at end of Q3 2019
- Total liquidity of $222M as of Q3 2019

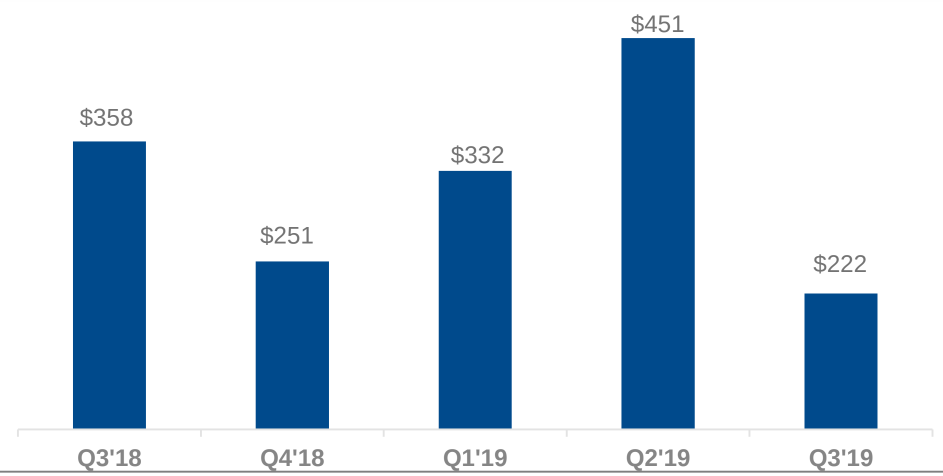
Sale/Partial Leaseback of Corporate Headquarters

- Proceeds of approximately $35M, net of tax and fees, from sale of corporate headquarters
- Transaction expected to close in late 2019 or early 2020
- Neutral to future earnings going forward

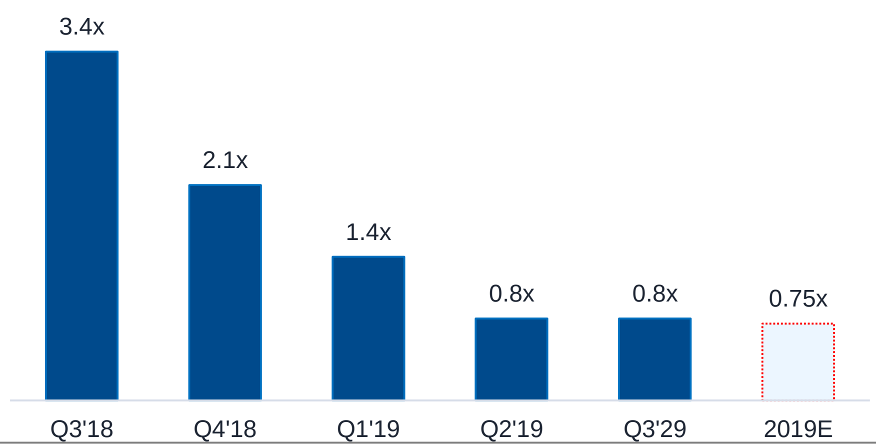
Net Debt / Adjusted EBITDA Metrics ($m)

	2018	Q319
Cash	$155	$74
Debt	543	260
Net Debt	$387	$186
TTM Adjusted EBITDA	$184	$240
Net Debt to Adjusted EBITDA	2.1x	0.8x

Liquidity ($m) (1)



Net Debt / Adjusted EBITDA



(1) Liquidity defined as cash on hand plus availability on ABL revolving credit facility

Strong Balance Sheet and Capital Allocation Framework

Capital Allocation

Invest in the Business

- Continue to invest in the business with a focus on the virtual lease-to-own white space opportunity
- Take advantage of strategic opportunities as they arise

Maintain Conservative Balance Sheet

- Significantly reduced debt during the refinancing
- Strong liquidity position with revolver availability and cash on hand

Return Value to Shareholders

- Initiation of quarterly cash dividend of $0.25 per share, beginning in Q4 2019
- Share repurchase authorization with $255 million available

Fiscal Year 2019 Guidance

Target Ranges ($m)

	2019 Guidance (1) Annual Low	2019 Guidance (1) Annual High	Change vs. Previous Guidance on 8/14/19 Low	Change vs. Previous Guidance on 8/14/19 High
Consolidated Revenues	**$2,635**	**$2,670**	**$15**	**$0**
Core	$1,800	$1,820	$0	($5)
Acceptance Now	$735	$750	$10	$5
Same store sales	Mid single digits		-	
Adjusted EBITDA	**$245**	**$260**	**$5**	**($5)**
Adjusted EBITDA %	9.3%	9.7%		
Tax Rate	25.0%	24.0%	0.5%	0.5%
Non-GAAP Diluted EPS	**$2.10**	**$2.35**	**$0.05**	**($0.05)**
Free Cash Flow (2)	**$205**	**$220**	**$5**	**($5)**
Net Debt (debt less cash)	$200	$185	($25)	($10)
Net Debt to adjusted EBITDA	0.80x	0.70x	(0.20)	0.00

(1) Guidance excludes the impact of refranchise transactions beyond transactions completed through October 2019 or other asset sales
(2) Free cash flow defined as net cash provided by operating activities less purchase of property assets

Source: Company information

Question and Answer

Appendix

EBITDA Reconciliation

Non-GAAP Reconciliation

($ in Millions)	Q1 2019A	Q2 2019A	Q3 2019A	Sept. YTD 2019A	Q1 2018A	Q2 2018A	Q3 2018A	Q4 2018A	FYE 2018A	FYE 2017A
GAAP Net Earnings (Loss)	**$ 7.3**	**$ 94.5**	**$ 31.3**	**$ 133.1**	**$ (19.8)**	**$ 13.8**	**$ 12.9**	**$ 1.7**	**$ 8.5**	**$ 6.7**
Plus: Income Tax Expense (benefit)	1.5	27.3	(1.2)	27.5	(1.6)	2.8	2.6	1.6	5.3	(116.9)
Plus: Debt Refinancing Charges	-	-	2.2	2.2	-	-	-	0.5	0.5	1.9
Plus: Interest Expense, Net	8.5	8.1	6.6	23.3	11.2	10.6	10.2	9.9	41.8	45.2
Plus: Amortization, Depreciation	15.8	15.1	14.9	45.8	17.9	17.4	16.9	16.7	68.9	74.6
Plus: Extraordinary, Unusual or Non-Recurring Gains or Charges	33.4	(77.5)	2.9	(41.3)	17.5	16.5	6.7	18.7	59.3	59.2
Adjusted EBITDA	**$ 66.5**	**$ 67.4**	**$ 56.6**	**$ 190.5**	**$ 25.1**	**$ 61.1**	**$ 49.3**	**$ 49.0**	**$ 184.4**	**$ 70.8**

Source: Company information