Rent-A-Center Investor Presentation

MAY 2018




Safe Harbor

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," "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; uncertainties concerning the outcome, impact, effects and results of the Company’s exploration of its strategic and financial alternatives; difficulties encountered in improving the financial and operational performance of the Company's business segments; the Company’s ability to refinance its senior credit facility expiring in early 2019 on favorable terms, if at all; risks associated with pricing changes and strategies being deployed in the Company's businesses; the Company's ability to realize any benefits from its initiatives regarding cost-savings and other EBITDA enhancements, efficiencies and working capital improvements; the Company's chief executive officer transition, including the Company's ability to effectively operate and execute its strategies during the transition period; the Company's ability to execute its franchise strategy; failure to manage the Company's store labor and other store expenses; the Company’s ability to develop and successfully execute strategic initiatives; disruptions caused by the operation of the Company's store information management system; 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, and the impact, effects and results of the changes we have made and are making to our distribution methods; 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; 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 control costs and increase profitability; 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 rental or lease purchase agreements; the passage of legislation adversely affecting the Rent-to-Own industry; the Company's compliance with applicable statutes or regulations governing its transactions; changes in interest rates; 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 the Company's stock price, the number of shares of common stock that it may or may not repurchase, and the Company’s dividend policy and any changes thereto, if any; 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; the resolution of the Company's litigation; 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, 2017. 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

To supplement the Company's financial results presented on a GAAP basis, Rent-A-Center uses the non-GAAP measures ("special items”), which primarily excludes charges in the first quarter of 2018 related to cost savings initiatives, including reductions in overhead and supply chain, store closures, incremental legal and advisory fees, capitalized software write-downs, and impacts related to the 2017 hurricanes and previous store closure plans. Gains or charges related to store closures will generally recur with the occurrence of these events in the future. The presentation of these financial measures is not in accordance with, or an alternative for, accounting principles generally accepted in the United States and should be read in conjunction with the Company's consolidated financial statements prepared in accordance with GAAP. Rent-A-Center management believes that excluding special items from the GAAP financial results provides investors a clearer perspective of the Company's ongoing operating performance and a more relevant comparison to prior period results. This presentation also refers to the non-GAAP measures EBITDA (earnings before interest, taxes, depreciation and amortization) and Free Cash Flow (operating cash flow less investing activities). Company believes that presentation of EBITDA is useful to investors, as among other things, this information impacts certain financial covenants under the Company's senior credit facilities and the indentures governing its 6.625% senior unsecured notes due November 2020 and its 4.75% senior unsecured notes due May 2021. The Company believes that presentation of free cash flow provides investors with meaningful additional information regarding the Company's liquidity. While management believes these non-GAAP financial measures are useful in evaluating the Company, this information should be considered as supplemental in nature and not as a substitute for or superior to the related financial information prepared in accordance with GAAP. Further, these non-GAAP financial measures may differ from similar measures presented by other companies.

The Company’s Strategic Plan, which focuses on three key areas, was launched in the First Quarter of 2018…

1

Optimize Cost Structure

- The Company is targeting significant cost savings opportunities
- Primary areas of opportunity include overhead, supply chain and other store expenses
- Aided by the assistance of third party consultants

2

Enhance Value Proposition

- Targeted approach to pricing strategy across product categories
- Competitively pricing elastic categories while capturing more profit in inelastic categories
- Aimed at improving traffic trends

3

Execute Refranchising

- Pursue refranchising of brick and mortar Rent-A-Center locations
- Allows the Company to optimize physical footprint and leverage brand strength
- Improves the capital position of the Company with proceeds used to pay down debt

Source: Company information

… and the Company has made significant progress across all areas of the Strategic Plan

Key Operating Highlights

- Positive Same store sales across all segments in Q1
  - Consolidated: 0.8%, Core U.S: 0.3%, Acceptance Now: 3.3%, Mexico: 0.7%
- Reduced outstanding debt balance by $78mm in Q1 and subsequent to quarter end, paid down an additional $20mm in April
- Generated approximately $85mm free-cash flow in Q1

Cost Savings Initiatives Launched

- Corporate overhead – 250 positions eliminated in March, $28mm annualized savings ($20mm realized in 2018)
- Field overhead – 60 positions eliminated in April, $9mm in annualized savings ($6mm realized in 2018)
- Other Store Expense - rationalization of indirect spend at the store level, 20% complete, $15mm annual savings ($6mm realized in 2018)
- Supply Chain Restructure – 500 positions eliminated and 400 vehicles reduced by closing all collection centers in March, $25mm annualized savings ($20mm realized in 2018)
- Core U.S. product service centers, route optimization, resulting in $7mm in annualized savings ($5mm realized in 2018)
- Core U.S. segment - Inventory right sized resulting in a one-time working capital benefit of $25mm
- Core U.S. segment will revert back to direct to store supply chain, $12mm in annualized working capital reduction and cost of goods run rate savings ($6mm in working capital savings realized in 2018)
- The Company will realize a one-time working capital benefit of $15mm in 2018 due to the elimination of third party distribution centers

Value Proposition

- In the Core U.S. segment, launched the enhanced value proposition in Q1, reflecting a more targeted approach to competitively pricing elastic categories offsetting changes from a margin perspective in inelastic categories
- In the Acceptance NOW segment, the new value proposition was rolled out to all partners in Q1. The value proposition lowers the total cost of ownership over a shorter term in order to improve ownership and retention

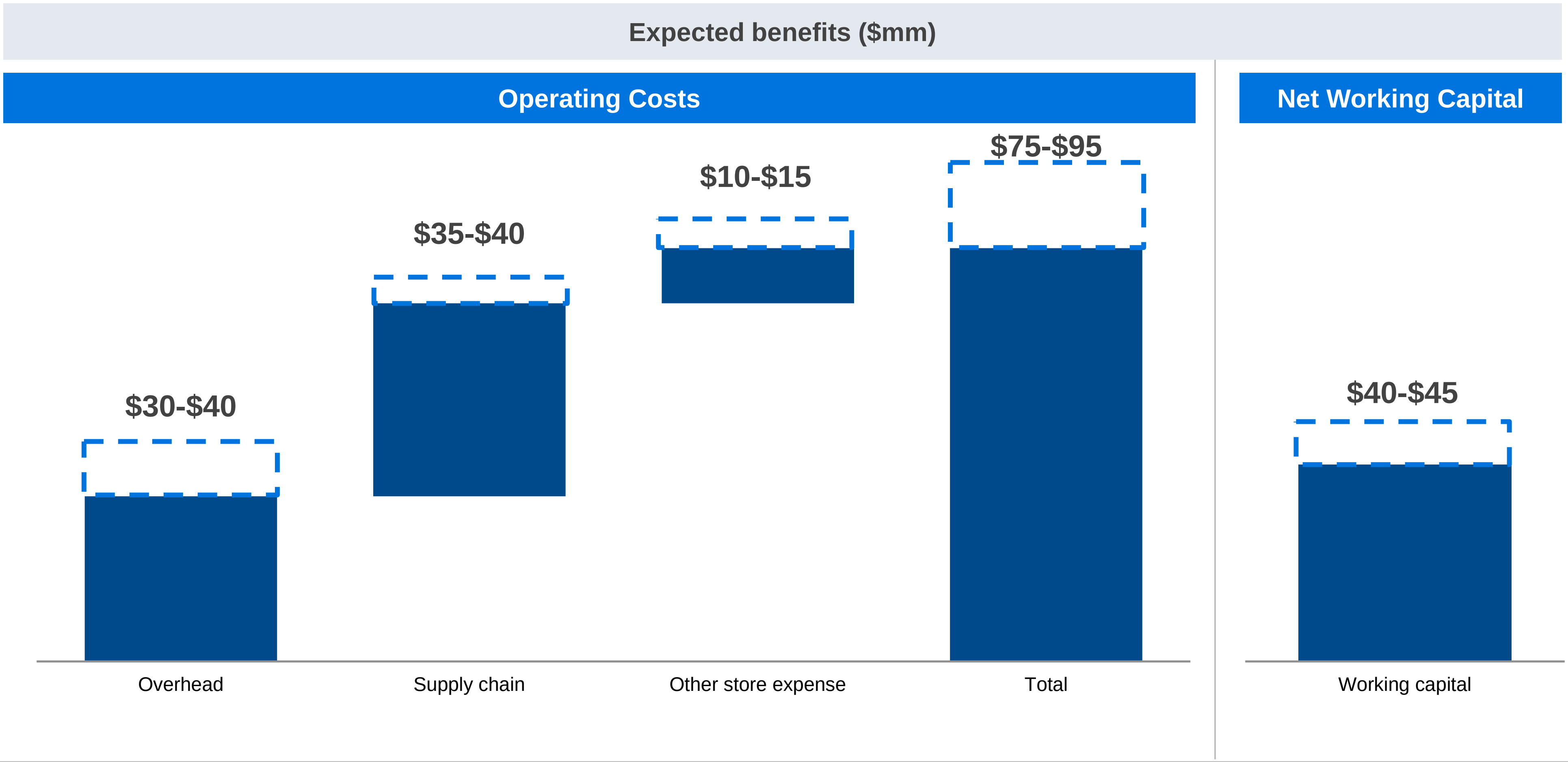
Franchise

- Refranchised 31 core locations in one transaction

Source: Company information

1 Optimize Cost Structure

The company has identified annualized cost savings opportunities of $75 to $95 million, increased from the previously communicated range of $65 to $85 million.



The Company expects to achieve ~ two thirds of our annual operating cost savings opportunities and realize the full benefit of net working capital opportunities in 2018

Source: Company information

2 Enhance Value Proposition

The Company will enhance the value proposition through a more targeted approach within stores and by lowering total cost to promote ownership within Acceptance Now

Core U.S.

- The Company deployed in Q1, a more targeted approach to competitively pricing elastic categories offsetting those changes from a margin perspective within inelastic categories
- In the Core, focus has been a more balanced approach to customer and ticket growth
- Some items can drive additional margin to pave the way for other categories to become traffic drivers
- Utilizing more category-specific pricing enables the reduction of promotional free time to drive traffic
- Expectations are for the overall strategy to benefit store traffic

Acceptance Now

- New Value Proposition rolled out to retail partners in January 2018
- Improved payment plans to be more competitive, starting in March 2018
- Within Acceptance Now, the value proposition centers around improved return on investment through a shorter payback period and higher ownership levels
- Rental terms were shortened from a maximum of 36 months to maximum of 21 months
- The total cost of ownership and early payout options are more in line with the competition, promoting higher ownership levels
- The AcceptanceNOW value proposition maintains an attractive monthly payment amount, including the down payment

A more targeted approach to the value proposition drives traffic and improves profitability

Source: Company information

3 Execute on Franchising Strategy

Franchising will be a key element of the strategy, with the intent to pursue large scale franchising

Overview

- Began execution of this large scale franchising strategy in Q1 2018 with the sale of 31 Core locations
- Franchising is a low-cost strategy to improve the balance sheet, cash position and margin profile
- With the help of consultants, the Company has identified a significant store opportunity in ~15 priority target markets, with additional longer-term growth opportunity
- The Company is committed to developing the capabilities needed to become a world-class franchisor
- The expected benefits of the refranchising strategy are not built into the Company's current targets

Expanding Franchising is a Compelling Strategy

- ✓ Provides up-front cash infusion while preserving future revenue stream
- ✓ Reduces capital intensity of physical store network
- ✓ Reduces corporate and store operating costs
- ✓ Improves consolidated company margins and store-level financial performance
- ✓ Enables us to capitalize on localization and leverage operational feedback from franchisees
- ✓ Deleverages balance sheet and derisks business results

Franchising can help maintain and grow the brand with less capital intensity while utilizing proceeds to reduce indebtedness

Source: Company information

Fiscal Year 2018 Targets

As the Company remains in the midst of a strategic and financial alternatives review process, the following targets are being provided at this time:

Metric*	2018 Target Range
Annualized cost savings	\$75 - \$95 million[1] (~ two thirds in 2018)
Working Capital Initiatives[2]	\$40 - \$45 million *(100% realized in 2018)*
Capital Expenditures	\$40 - \$50 million
Cash Tax Refund	\$30 - \$40 million
Tax Rate	23.5 – 24.5 percent
Free cash flow[3]	\$170 million or greater

**Includes non-GAAP measures; [1] Buckets include Overhead (\$30-\$40mm), Supply Chain (\$35-\$40mm), and Other Store Expenses (\$10-\$15mm); [2] Working capital benefits of (\$40-\$45mm) due to initiatives, total company working capital will also benefit from store closures in 2018; [3] Defined as Free Cash Flow (operating cash flow less investing activities)*

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