



Rent-A-Center: Positioned for Growth

Fourth Quarter 2019 Earnings Review



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; capital market conditions, including availability of funding sources for the Company; changes in the Company's credit ratings; difficulties encountered in improving the financial and operational performance of the Company's business segments; 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 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 systems; the Company's ability to take advantage of merger and acquisition opportunities consistent with its strategies; the Company's ability to realize the strategic benefits from acquisitions to successfully integrate acquired businesses and their operations which may be more difficult, time-consuming or costly than expected and to retain key employees at acquired businesses including in respect of the acquisition of Merchants Preferred in August 2019; risks related to the Company's virtual lease-to-own business; including the Company's ability to continue to develop and successfully implement the necessary technologies; the Company's ability to achieve the benefits expected from its recently announced integrated retail preferred offering, Preferred Lease, including its ability to integrate its historic retail partner business (Acceptance Now) and the Merchants Preferred business under the Preferred Lease offering; 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 continue paying 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 brands; 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; changes in the enforcement of existing laws and regulations and the enactment of new laws and regulations adversely affecting the Company's businesses; the Company's compliance with applicable statutes or regulations governing its businesses; changes in interest rates; 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, June 30, 2019 and September 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. The Company believes that presentation of adjusted EBITDA is useful to investors as, among other things, this information impacts certain financial covenants under the Company's credit agreements. 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.

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.

Note that all sources in this presentation are from company reports and company estimates unless otherwise noted.



Full Year 2019 Review

- ▶ Significantly improved profitability and cash flow via revenue growth, cost control and efficiency initiatives
- ▶ Made strategic investments to capture the substantial growth opportunity in the Preferred Lease segment
- ▶ Profitably grew the Rent-A-Center business, with continued enhancements in our value proposition and in e-commerce
- ▶ Strengthened the balance sheet and used excess cash to invest in our growth strategy and improve shareholder returns by initiating a substantial quarterly dividend

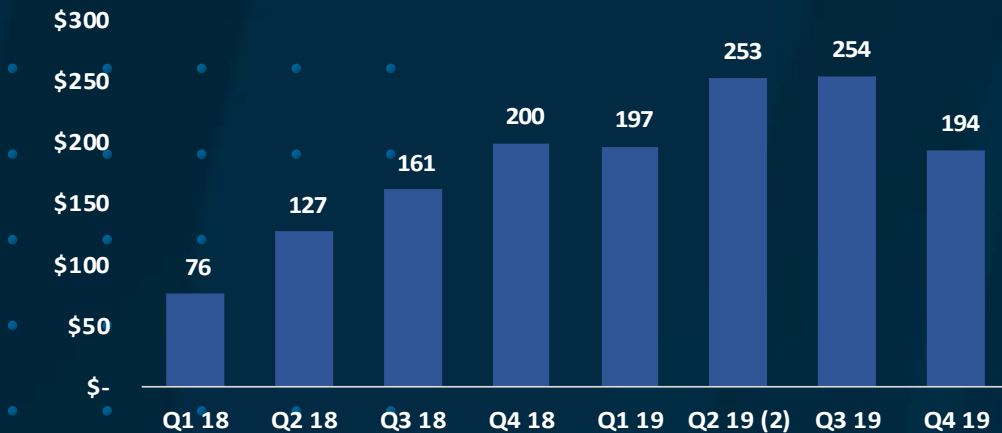
\$ In Millions

Adjusted EBITDA (LTM)



\$ In Millions

Free Cash Flow (LTM) ¹



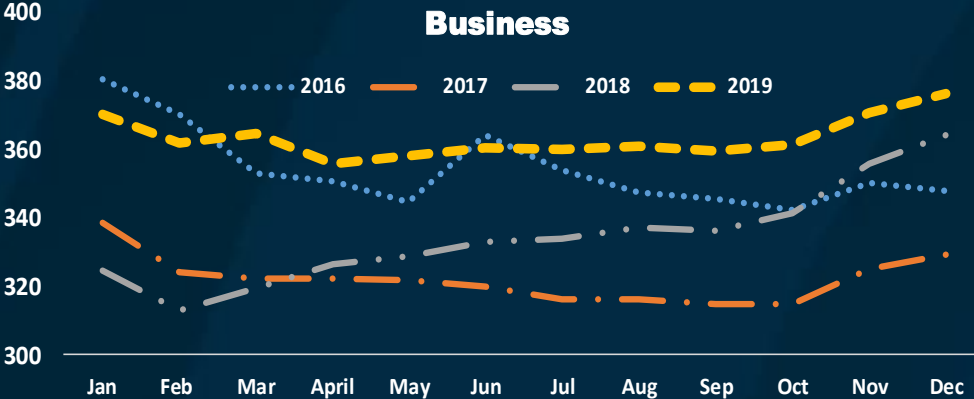
¹ Cash Flow from Operations minus Capex

² Includes net Vintage Capital Termination Fee of \$64M

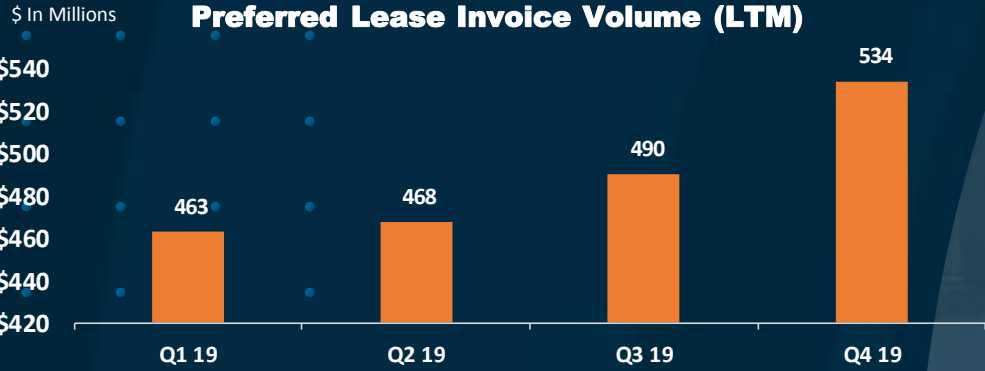


Fourth Quarter 2019 Review

Customers Per Average Store - Rent-A-Center Business



Preferred Lease Invoice Volume (LTM)

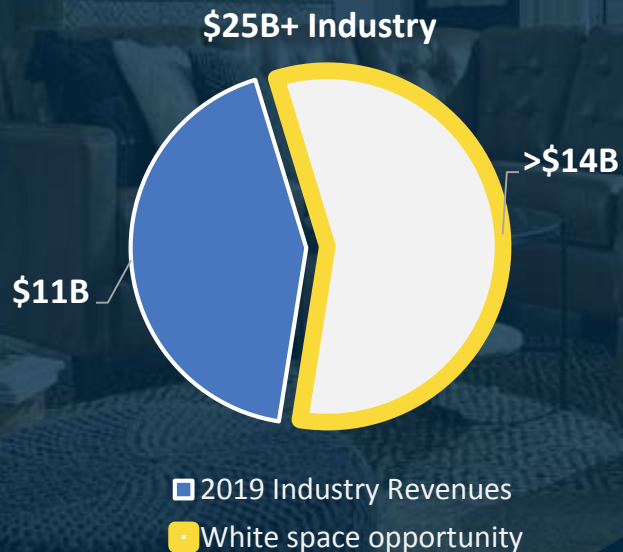


- ▶ Retail partner revenue grew 11% over fourth quarter 2018, driven by 35% invoice volume growth from organic expansion and strong performance in Merchants Preferred
- ▶ Eighth consecutive quarter of positive same store sales in the Rent-A-Center business (+10% on a 2-year basis), with a significant increase in profitability
- ▶ Ended 2019 with record number of customers per store
- ▶ Operating earnings increased approximately 50% over fourth quarter 2018
- ▶ Adjusted EBITDA margin improved 210 basis points over fourth quarter 2018, helped by favorable lease performance and efficiency initiatives



TWO LEADING SEGMENTS TO DRIVE LTO SHARE

LTO MARKET IS EXPANDING VIA VIRTUAL & E-COMMERCE



PREFERRED LEASE¹

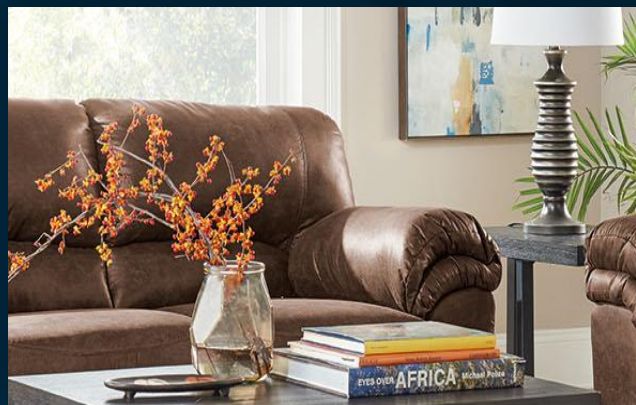
- ▶ Increases revenue for retail partners at the point of sale or via e-commerce with a lease-to-own option for customers that are turned down for credit
- ▶ Differentiated, hybrid model with staffed and virtual option to maximize flexibility for partners
- ▶ Serves banked and unbanked customers
- ▶ Over 7x higher revenue per location than competitors for retail partners given benefits of our model

RENT-A-CENTER BUSINESS²

- ▶ Omni-channel industry leader operating in over 2,000 corporate stores and *rentacenter.com*
- ▶ Sector leading same-store sales
- ▶ Continuing to improve the customer experience
- ▶ Profitable and growing e-commerce channel (15% of sales) with attractive demographics and lease performance

¹ Formerly Acceptance Now segment, brands include Acceptance Now, Merchants Preferred and Preferred Lease

² Formerly Core segment, brands include Rent-A-Center and Get-It-Now



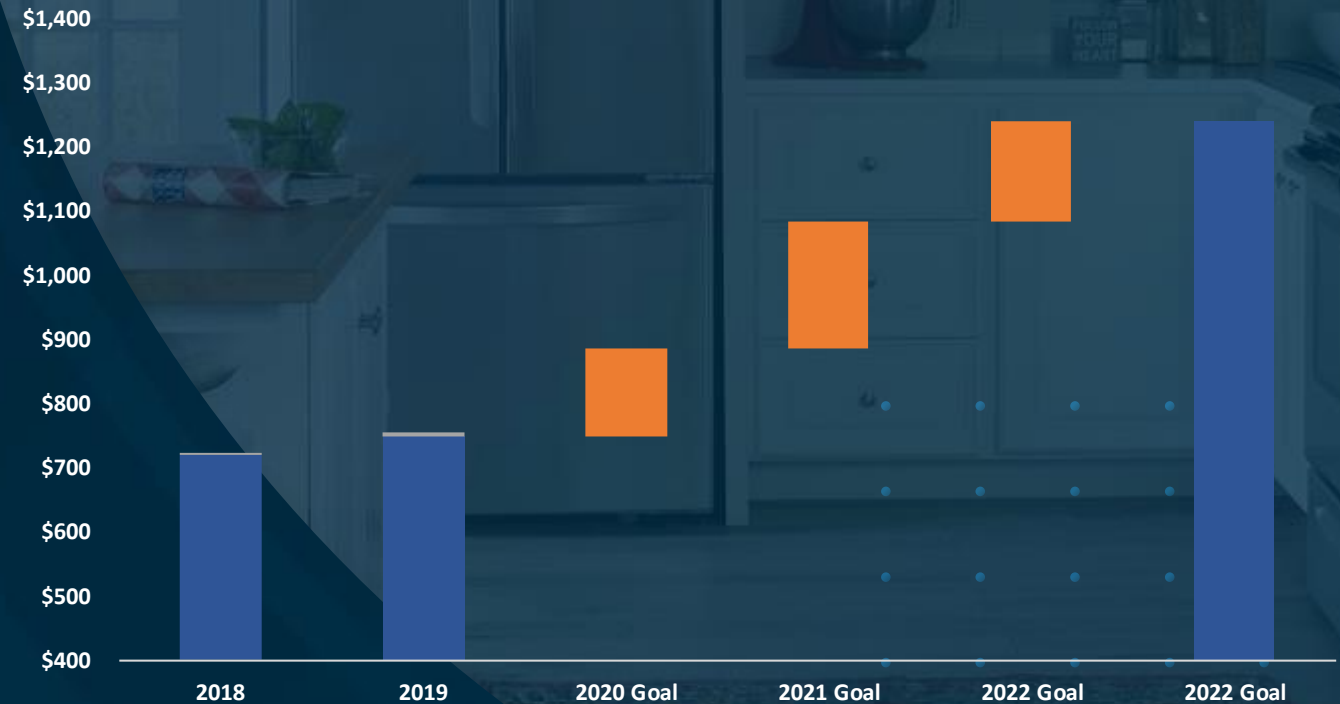
FINANCIAL / STRATEGIC GOALS

- ▶ Generate mid-single digit long-term revenue growth by growing our two LTO segments
 - ▶ \$1.2B+ in annual revenue via Preferred Lease segment by 2022
 - ▶ Low-single digit same store sales via the Rent-A-Center Business segment
- ▶ Achieve long term adjusted EBITDA margin of 11% - 13%
 - ▶ Consolidated EBITDA margin benefits as Preferred Lease achieves scale (targeting double digit margin over time)

PREFERRED LEASE: PATH TO ACHIEVE GOAL OF >\$1.2B IN REVENUE

- ▶ We believe the addressable LTO market for Preferred Lease is large with only a fraction of that served today
- ▶ Currently operating in large national accounts, 5 of the top 6 conventional furniture retailers
- ▶ We plan to drive revenues with growth in invoice volume

\$ In Millions



BOB'S DISCOUNT FURNITURE

Nebraska
Furniture Mart



All financial data in millions



PREFERRED LEASE: LEVERAGE OUR DIFFERENTIATED MODEL



Model's Advantages

Maximizes potential for partner growth:

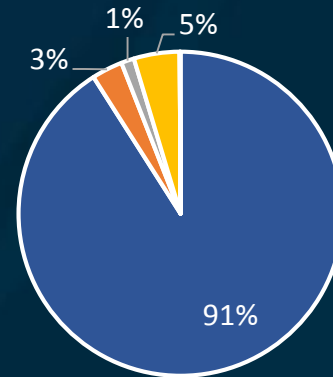
- ▶ Options for pure virtual, staffed or hybrid solution that staffs during weekends and / or high traffic periods
- ▶ Can be part of a waterfall for credit application or a separate process

Increases partner revenues:

- ▶ Serves banked and unbanked, with decades of experience in both

Preferred Lease[™]
Powered by AcceptanceNOW

Preferred Lease Product Assortment ¹



- Furniture & Accessories
- Consumer Electronics
- Computers
- Appliances

Growth Initiatives

- ▶ Expand sales organization with a focus on national partners and added verticals
- ▶ Enhance proprietary decision engine to increase approval efficiency, mitigate fraud and lower default risk
- ▶ Improve the customer experience through a seamless application process
- ▶ Increase online sales with integrated check out process on retail partners' e-commerce sites

¹ Includes staffed locations

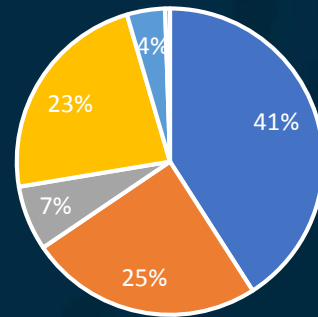


RENT-A-CENTER BUSINESS: DRIVE SUSTAINABLE COMPS

Accelerate E-commerce Momentum

- ▶ Achieving record levels of e-commerce traffic, with additional site improvements to be rolled out in 2020
- ▶ Leverage enhanced payment functionality
- ▶ Implement automated decision process for e-commerce applications to drive volume and reduce risk
- ▶ Increase speed to market for site improvements and updates

Rent-A-Center Business Product Assortment



- Furniture & Accessories
- Consumer Electronics
- Computers
- Appliances
- Mobile Phones
- Emerging Categories 1

Improve Customer Experience

- ▶ Evaluate in-store automated application decisioning
- ▶ Continue to focus on higher margin product categories and aspirational merchandise
- ▶ Continue expansion into new product categories (Jewelry, Tools, Handbags, Tires)
- ▶ Optimize cost structure and adapt footprint to evolve with consumer preferences

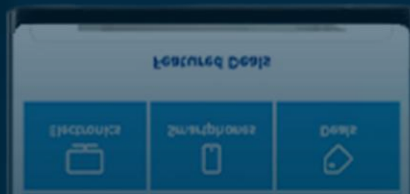
¹ Includes Jewelry, Tools, Handbags, etc.





RENT-A-CENTER BUSINESS: E-COMMERCE STRATEGY

- ▶ E-commerce leverages our store base for same-day delivery and the collections process
- ▶ E-commerce sales drive revenue growth and expand our customer base with a new, younger demographic
- ▶ E-commerce revenues have higher profitability than store sales given lower customer acquisition costs and propensity for higher end products; stronger lease performance offsets higher skip / stolen losses
- ▶ Focused on enhancing the customer experience on the site and improving supply chain to support final mile delivery



FINANCIAL HIGHLIGHTS

Q4 2019

In millions, except EPS

	<u>Actual</u>	<u>% of Total</u>	<u>B(w) versus Q4 2018</u>	
Preferred Lease	\$192	28.7%	\$19	10.8%
Rent-A-Center Business	\$439	65.7%	(\$28)	-6.0%
Franchising	\$23	3.5%	\$14	147.0%
Mexico	\$14	2.1%	\$1	9.6%
Total Revenue	\$668	100.0%	\$6	0.9%

% of Revenue

Preferred Lease	\$18	9.2%	(\$6)	(460)
Rent-A-Center Business	\$72	16.4%	\$20	520
Franchising	\$2	10.6%	\$2	290
Mexico	\$2	11.4%	\$1	770
Corporate	(\$30)	(4.5%)	(\$2)	(20)
Adjusted EBITDA	\$64	9.5%	\$15	210 bps

EPS	\$0.58		\$0.23	
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Selected Balance Sheet Metrics

	<u>Q4 2019</u>	<u>Q4 2018</u>
Operating Cash Flow	\$215	\$228
Debt (excluding financing fees)	\$240	\$543
Net Debt to EBITDA	0.7x	2.1x

2020 GUIDANCE

	Annual	
	Low	High
Consolidated ¹		
Revenues (\$B)	\$2.755	\$2.875
Adjusted EBITDA (\$M)	\$255	\$285
Diluted Non-GAAP EPS	\$2.45	\$2.85
Capital Expenditures (\$M)	\$40	\$45
Free Cash Flow (\$M) ²	\$105	\$135
Preferred Lease Segment		
Revenues (\$M)	\$860	\$910
Adjusted EBITDA (\$M)	\$95	\$105
Rent-A-Center Business Segment		
Revenues (\$B)	\$1.755	\$1.825
Adjusted EBITDA (\$M)	\$265	\$285

¹ Includes Rent-A-Center Business, Preferred Lease, Mexico, Franchise and Corporate segments

² Free Cash Flow defined as operating cash flow less capital expenditures; Guidance does not include the impact of new franchising transactions

CAPITAL STRATEGY

Net Debt / Adjusted EBITDA



Invest in the Business

- ▶ Invest to grow digital channels including virtual retail partner business and e-commerce using rentacenter.com and integration with retail partner websites
- ▶ Improve customer experience by investing in technology and leveraging analytics

Maintain Conservative Balance Sheet

- ▶ Net debt to Adjusted EBITDA of 0.7x at 12/31/19
- ▶ Total liquidity of over \$235 million at 12/31/19

Return Excess Cash to Shareholders

- ▶ Dividend increased 16% to \$0.29 per quarter in Q1 2020 with ~4% yield
- ▶ Share repurchase authorization of over \$220M



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Question and Answer



APPENDIX



EBITDA RECONCILIATION CONSOLIDATED

(\$ in Millions)	Q1 2019A	Q2 2019A	Q3 2019A	Q4 2019A	FYE 2019A	Q1 2018A	Q2 2018A	Q3 2018A	Q4 2018A	FYE 2018A
GAAP Net Earnings (Loss)	\$ 7.3	\$ 94.5	\$ 31.3	\$ 40.5	\$ 173.5	\$ (19.8)	\$ 13.8	\$ 12.9	\$ 1.7	\$ 8.5
Plus: Income Tax Expense (benefit)	1.5	27.3	(1.2)	22.7	50.2	(1.6)	2.8	2.6	1.6	5.3
Plus: Debt Refinancing Charges	-	-	2.2	-	2.2	-	-	-	0.5	0.5
Plus: Interest Expense, Net	8.5	8.1	6.6	4.7	27.9	11.2	10.6	10.2	9.9	41.8
Plus: Amortization, Depreciation	15.8	15.1	14.9	15.3	61.1	17.9	17.4	16.9	16.7	68.9
Plus: Extraordinary, Unusual or Non-Recurring Gains or Charges	33.4	(77.5)	2.9	(19.4)	(60.7)	17.5	16.5	6.7	18.7	59.3
Adjusted EBITDA	\$ 66.5	\$ 67.4	\$ 56.6	\$ 63.7	\$ 254.2	\$ 25.1	\$ 61.1	\$ 49.3	\$ 49.0	\$ 184.4

EBITDA RECONCILIATION SEGMENTS

Rent-A-Center Business (\$ in Millions)	Q1 2019A	Q2 2019A	Q3 2019A	Q4 2019A	FYE 2019A	Q1 2018A	Q2 2018A	Q3 2018A	Q4 2018A	FYE 2018A
GAAP Operating Profit	\$ 53.3	\$ 64.9	\$ 52.2	\$ 65.6	\$ 236.0	\$ 28.4	\$ 43.5	\$ 43.2	\$ 32.7	\$ 147.8
Plus: Amortization, Depreciation	5.5	5.1	5.0	5.2	20.8	6.8	6.4	6.2	6.1	25.6
Plus: Extraordinary, Unusual or Non-Recurring Gains or Charges	7.8	3.0	2.1	1.4	14.2	4.8	11.2	2.0	13.6	31.7
Adjusted EBITDA	\$ 66.6	\$ 73.0	\$ 59.3	\$ 72.1	\$ 271.0	\$ 40.0	\$ 61.2	\$ 51.5	\$ 52.4	\$ 205.0
Preferred Lease (\$ in Millions)	Q1 2019A	Q2 2019A	Q3 2019A	Q4 2019A	FYE 2019A	Q1 2018A	Q2 2018A	Q3 2018A	Q4 2018A	FYE 2018A
GAAP Operating Profit	\$ 21.5	\$ 22.7	\$ 21.8	\$ 17.0	\$ 83.1	\$ 15.4	\$ 29.2	\$ 26.3	\$ 23.1	\$ 94.0
Plus: Amortization, Depreciation	0.3	0.3	0.4	0.5	1.5	0.4	0.4	0.4	0.4	1.7
Plus: Extraordinary, Unusual or Non-Recurring Gains or Charges	0.3	0.0	0.1	0.1	0.5	4.5	0.1	0.4	0.3	5.3
Adjusted EBITDA	\$ 22.1	\$ 23.1	\$ 22.3	\$ 17.6	\$ 85.1	\$ 20.3	\$ 29.7	\$ 27.1	\$ 23.8	\$ 101.0
Corporate (\$ in Millions)	Q1 2019A	Q2 2019A	Q3 2019A	Q4 2019A	FYE 2019A	Q1 2018A	Q2 2018A	Q3 2018A	Q4 2018A	FYE 2018A
GAAP Operating Profit	\$ (60.5)	\$ 38.9	\$ (37.5)	\$ (18.6)	\$ (77.7)	\$ (55.8)	\$ (48.3)	\$ (45.3)	\$ (43.1)	\$ (192.6)
Plus: Amortization, Depreciation	9.8	9.6	9.4	9.5	38.3	10.3	10.2	10.0	10.0	40.5
Plus: Extraordinary, Unusual or Non-Recurring Gains or Charges	25.2	(80.6)	0.7	(20.9)	(75.6)	7.8	5.2	4.2	4.7	22.0
Adjusted EBITDA	\$ (25.5)	\$ (32.1)	\$ (27.4)	\$ (30.0)	\$ (115.0)	\$ (37.8)	\$ (32.8)	\$ (31.0)	\$ (28.4)	\$ (130.1)
Mexico (\$ in Millions)	Q1 2019A	Q2 2019A	Q3 2019A	Q4 2019A	FYE 2019A	Q1 2018A	Q2 2018A	Q3 2018A	Q4 2018A	FYE 2018A
GAAP Operating Profit	\$ 1.2	\$ 1.5	\$ 1.2	\$ 1.5	\$ 5.4	\$ 0.5	\$ 0.9	\$ 0.9	\$ 0.3	\$ 2.6
Plus: Amortization, Depreciation	0.1	0.1	0.1	0.1	0.4	0.3	0.3	0.2	0.2	1.0
Plus: Extraordinary, Unusual or Non-Recurring Gains or Charges	0.1	0.0	0.0	0.0	0.1	0.4	(0.0)	(0.0)	-	0.3
Adjusted EBITDA	\$ 1.4	\$ 1.6	\$ 1.3	\$ 1.6	\$ 5.9	\$ 1.2	\$ 1.1	\$ 1.1	\$ 0.5	\$ 4.0
Franchise (\$ in Millions)	Q1 2019A	Q2 2019A	Q3 2019A	Q4 2019A	FYE 2019A	Q1 2018A	Q2 2018A	Q3 2018A	Q4 2018A	FYE 2018A
GAAP Operating Profit	\$ 1.8	\$ 1.8	\$ 1.1	\$ 2.5	\$ 7.2	\$ 1.3	\$ 1.9	\$ 0.5	\$ 0.7	\$ 4.4
Plus: Amortization, Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Plus: Extraordinary, Unusual or Non-Recurring Gains or Charges	-	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	\$ 1.8	\$ 1.8	\$ 1.1	\$ 2.5	\$ 7.3	\$ 1.3	\$ 2.0	\$ 0.6	\$ 0.7	\$ 4.6