

# Investor Day 2010

November 10, 2010



# Joel Mussat

SENIOR VP, STRATEGIC PLANNING  
AND BUSINESS DEVELOPMENT

*“Winning begets winning.”*

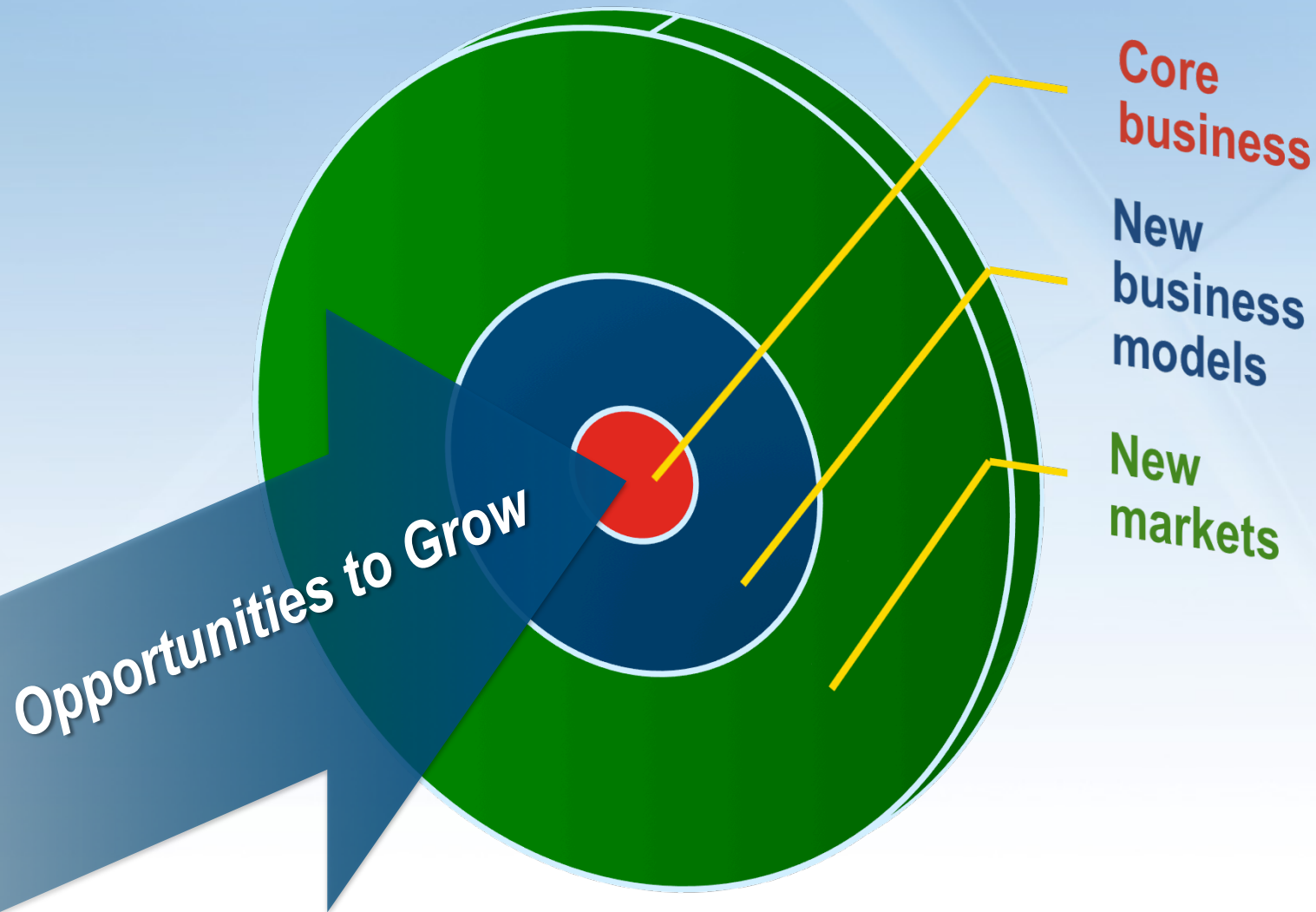


# Overview

- Great story so far
- Why not just stop there?
- Large scale demand for our service



# Leveraging and complementing our core business



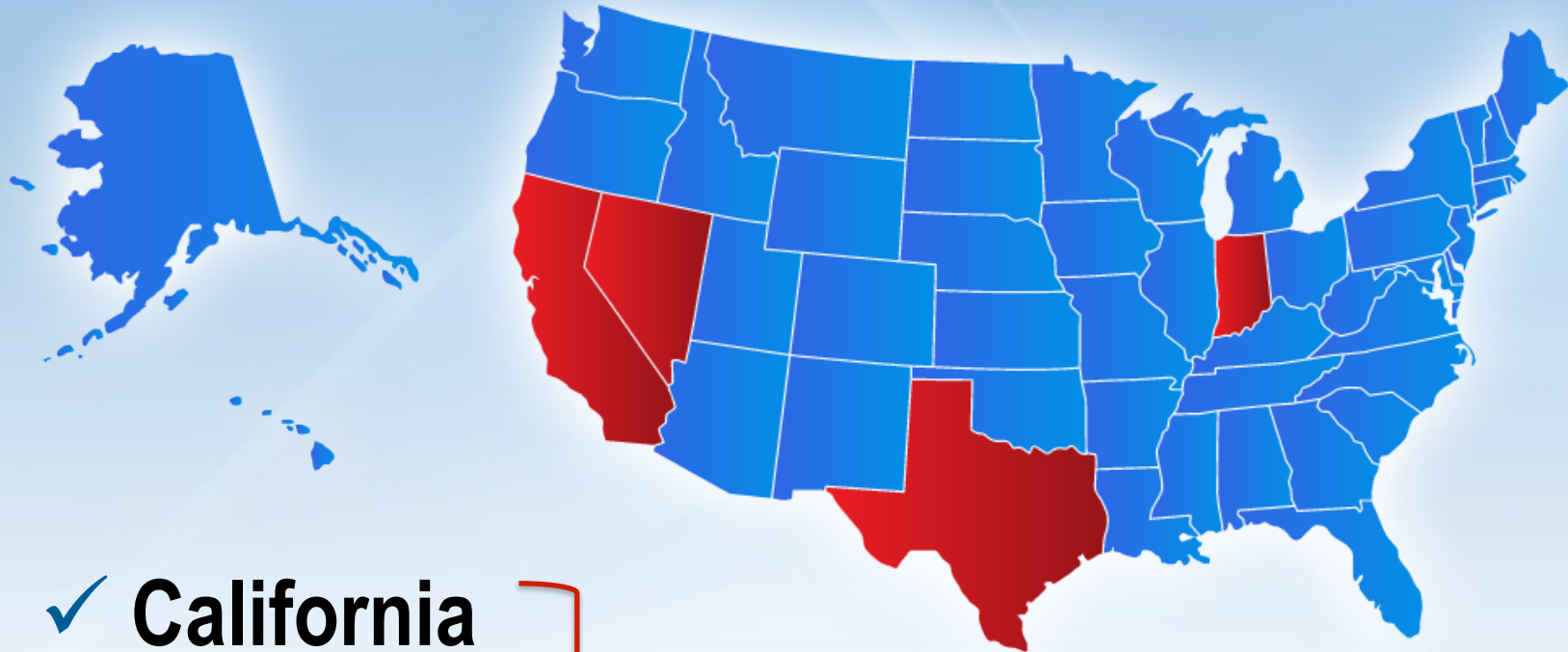




- Provide more touch points to reach RTO customers
- Convenient locations
- Low cost
- Natural extension of RTO



# 20 locations in



- ✓ California
- ✓ Indiana
- ✓ Nevada
- ✓ Texas

*Positive Results  
(adds to core)*

*Potential  
Expansion*



# “Limited” means

- Smaller square footage
- Limited SKUs
- All new products
  - ✓ TV
  - ✓ Computers
  - ✓ Appliances
  - ✓ Games
- Line of sight in high traffic areas
- Only one competitor



# Two brands, one focus

- Non-Hispanic and Hispanic concepts



# Next steps

- Continue to test model
- Kiosk can go anywhere
- Identify partners and locations



# RAC Acceptance strategic purpose

To grow our customer base and increase market penetration

- ✓ Service customers likely outside our traditional customer base
- ✓ Customers turned down for credit and need a way to fund their purchase
- ✓ Retailers “save the sale”
- ✓ Low cost of entry



# RAC ACCEPTANCE™

- Began as test with Ashley Furniture
- “Back of customer’s heads”
- Solid results in a series of pilots
- Over 100 opened this year
- Only 1 competitor in this space



**Partners**



# RAC Acceptance – the transaction

- Customer shops
- Customer applies for credit and is denied
- Hand-off to RAC Acceptance staff
- Conversion rate ~ 50%




# The value proposition

- Customer gets the product they want
- Retailer saves a lost sale
- RAC Acceptance obtains a new customer that likely would not have visited an RTO store

WIN-WIN-WIN



# RAC Acceptance customer vs. RTO

Credit scores:	< 520	521 – 580	> 581
RTO	62%	26%	12%
 RAC ACCEPTANCE™	46%	29%	25%



# Basic transaction view

**\$124 per month**

**(10% higher than core RTO)**

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**Extended time on rent**

**Very low default rates**



# RAC Acceptance – expansion plan

**170** now...




# Home Choice



- Retail sale:  
*We handle the financing*
  - Illinois test
  - Can Home Choice co-exist with RTO?
  - Can it go national?



# Home Choice customer vs. RTO

Credit scores:	< 520	521 – 580	> 581
<b>RTO</b>	<b>62%</b>	<b>26%</b>	<b>12%</b>
	<b>42%</b>	<b>33%</b>	<b>25%</b>



# Home Choice next steps



- Continue in test mode
- No aggressive expansion planned
- Complete build-out of first market
- Envision national footprint





- 34 million people
- Ripe for Rent-to-Own
- Leverage our core RTO business – no changes



# **Growing our core business in North America**

- **18 stores currently**
- **Build out 10-20 stores in 2011**
- **Potential for 200-300 stores**
- **One large RTO player now – Easyhome**
- **The goal is to be the RTO leader in Canada**



# Agustin Viola-Prioli

VP, NEW BUSINESS  
DEVELOPMENT AND SUPPORT

*“Take calculated risks.  
That is quite different from being rash.”*

General George S. Patton



# The story of Gloria and Moises



















**Like on the U.S., our focus in Mexico is on improving the quality of life of our customers**



**In mid 2009, we started evaluating opportunities for growth outside our current markets...**



## **In mid 2009, we started evaluating opportunities for growth outside our current markets...**

- ✓ **Stable economies**
- ✓ **Sizeable demographics**
- ✓ **Lack of access to our product categories**
- ✓ **Favorable regulatory framework for our type of transaction**



**As a result, we decided on Mexico  
as our first foray into Latin America**



## **As a result, we decided on Mexico as our first foray into Latin America**

- Receptiveness to our novel value proposition



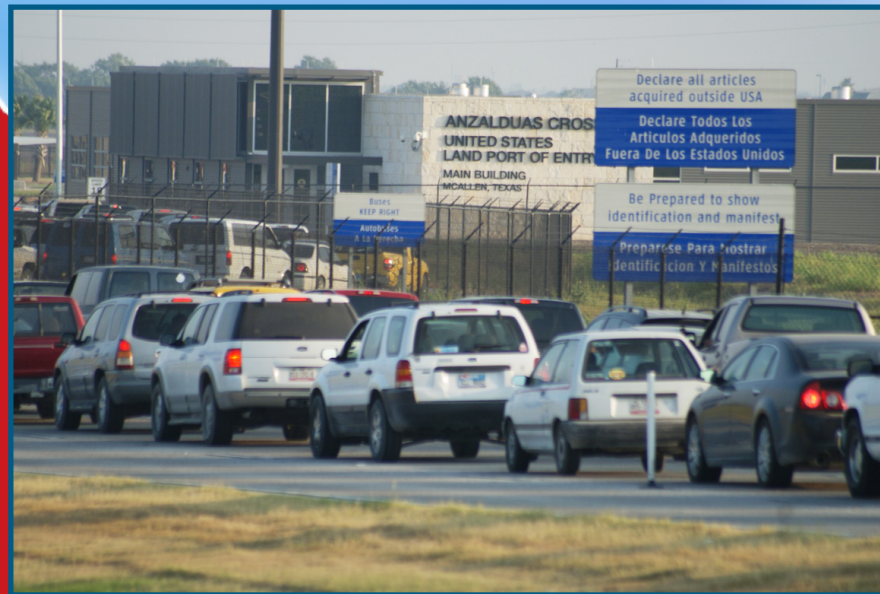
## As a result, we decided on Mexico as our first foray into Latin America

- Proximity to RAC's established operations



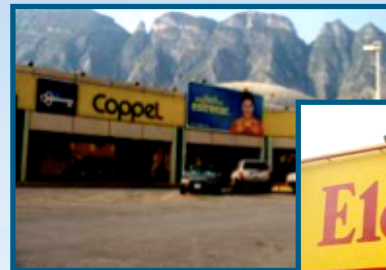
# As a result, we decided on Mexico as our first foray into Latin America

- Pre-existing brand recognition in certain markets



# A cross-functional team did intense upfront homework on the Mexican market

- Regulatory environment
- Extensive indirect competitor analyses
  - ✓ Assortment
  - ✓ Pricing
  - ✓ Store layout
  - ✓ Customer experience
  - ✓ Credit and collection practices



## **A cross-functional team did intense upfront homework on the Mexican market**

- **We also conducted extensive marketing research**
  - Focus groups
  - Product research
  - Customer intercepts



# A cross-functional team did intense upfront homework on the Mexican market

- We also conducted extensive marketing research
  - Focus groups
  - Product research
  - Customer Intercepts
  - Ethnos research



**We concluded that we have a unique value proposition for Mexico**

***“ To provide Mexican consumers with an easy and safe way to access the products they want for their homes. ”***



# **We concluded that we have a unique value proposition for Mexico**



**Attribute**

**RAC**

**Indirect Competition**

---

# We concluded that we have a unique value proposition for Mexico

Attribute	RAC	Indirect Competition
Name Brand Products 	<ul style="list-style-type: none"><li>• Offers many name brands</li></ul>	 <ul style="list-style-type: none"><li>• Same</li></ul>

# We concluded that we have a unique value proposition for Mexico

Attribute	RAC	Indirect Competition
Name Brand Products	✓ • Offers many name brands	✓ • Same
Payments	✓ • Affordable payments	✓ • Small, affordable credit installments

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Payments	✓	• Affordable payments	✓	• Small, affordable credit installments
Requirements	✓	• No need for home ownership or guarantor/co-signer		• Credit History • Strict requirements to qualify, including proof of home ownership

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Heritage	<ul style="list-style-type: none"> <li>Being a US Company is perceived as a plus as they follow rules ("they do as promised")</li> </ul>	<ul style="list-style-type: none"> <li>Mexico, not viewed as being as professional or fair</li> </ul>

# Mexico - 111 Million total population

Socioeconomic Status (SE S)	Mexico
A/B: High	7.6%
C+ Upper Middle	13.7%
C: Middle	17%
D+: Lower Middle	36.4%
D: Low	15%
E: Extreme Poverty	10%
	100%



**We estimate the Mexican market can support**



**1,000+**  
**RTO locations**



**We have initially opted for a border market strategy starting in the city of Reynosa**



# We have initially opted for a border market strategy starting in the city of Reynosa

This location allows us to leverage:

- Proximity to existing operations for support
- Above-store leadership structure
- Existing brand recognition



# **We have initially opted for a border market strategy starting in the city of Reynosa**

- Reynosa, Tamaulipas, Mexico founded in 1749
- Population of 1.2 Million
- 18.5% of its state's GDP
- Approximately 200 manufacturing companies with more than 90,000 employees
- Leading manufacturers in electronics, auto parts, medical equipment, fiber optics among others



# How did we adapt to the Mexican market?



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Where we made changes:

- Supply chain



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- Product



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- Product
- Partnerships



# How did we adapt to the Mexican market?

Where we made changes:

- Supply chain
- Product
- Partnerships
- Language



# How did we adapt to the Mexican market?

Where we made changes:

- Supply chain
- Product
- Partnerships
- Language
- Operations

**Open on  
Sundays**



## How did we adapt to the Mexican market?

Where we stayed the same:

- Brand



# How did we adapt to the Mexican market?

Where we stayed the same:

- Brand
- Store design & layout



# How did we adapt to the Mexican market?

Where we stayed the same:

- Brand
- Store design & layout
- Store staffing model



# How did we adapt to the Mexican market?

Where we stayed the same:

- Brand
- Store design & layout
- Store staffing model
- Majority of product

**SONY**<sup>®</sup>



**LG**

**PHILIPS**

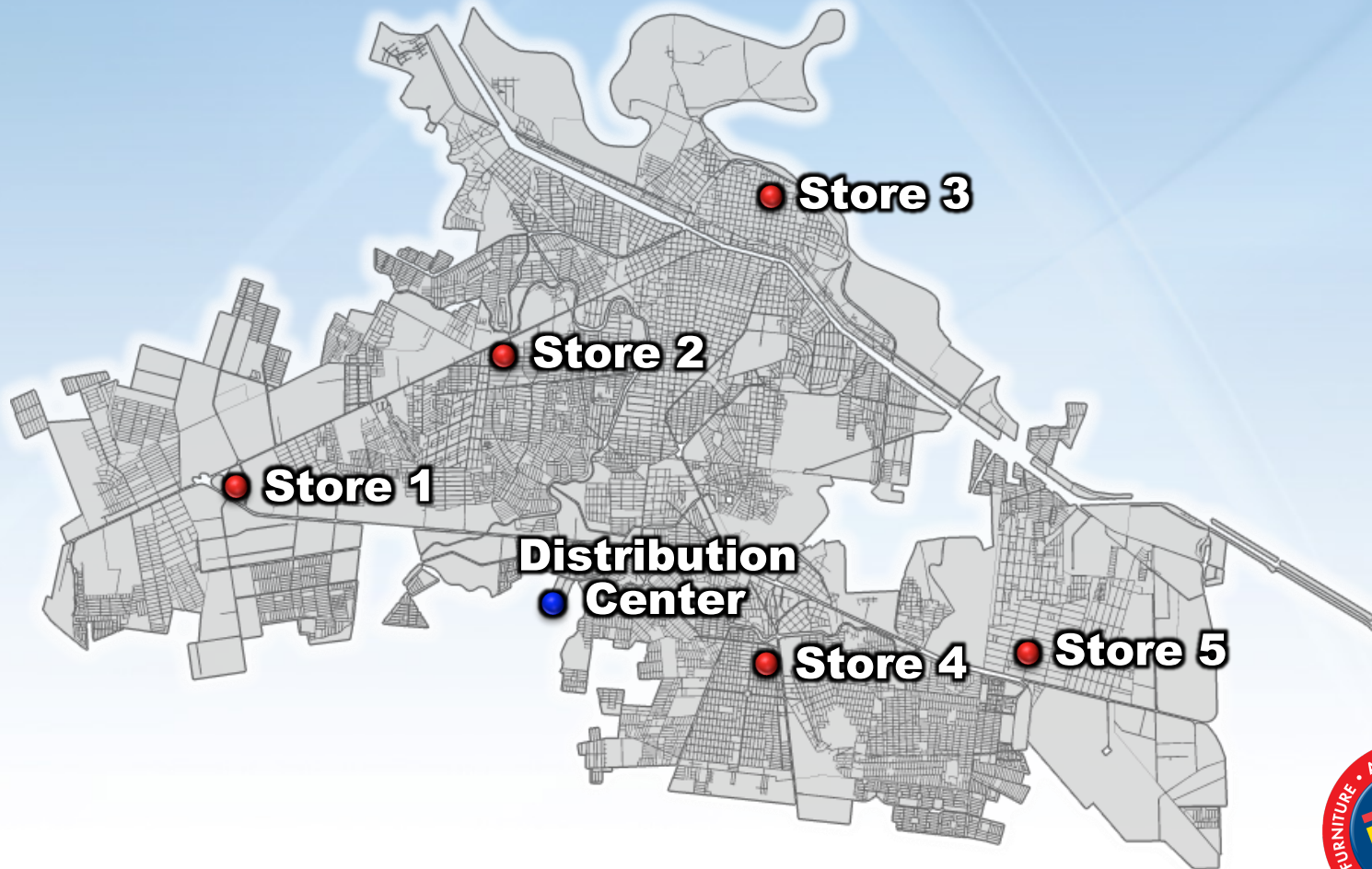


# On October 9th we opened the doors of our first store in Plaza Periferico in Reynosa, and a second store in Plaza Juarez on November 2nd

- Demand has exceeded our expectations
- The decision to have a DC has proven to be right
- Very encouraging early results both on sales and payments



**We will have one more location open in November and a fourth by the end of the year, to take advantage of the full Christmas shopping season**



# The existing and upcoming store will all be supported by an aggressive marketing campaign

- Radio



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- Radio
- Newspaper inserts



# The existing and upcoming store will all be supported by an aggressive marketing campaign

- Radio
- Newspaper inserts
- Canvassing efforts

Folio: \_\_\_\_\_

**Sin barreras ni rechazos de crédito.  
¡Comprébalos!**  
Obtén lo que necesitas para disfrutar tu hogar.

Formato de pre-aprobación

Nombre: \_\_\_\_\_

Edad: \_\_\_\_\_ Ocupación: \_\_\_\_\_

Dirección: \_\_\_\_\_

Colonia: \_\_\_\_\_ Teléfono: \_\_\_\_\_

Correo electrónico: \_\_\_\_\_

Referencias: \_\_\_\_\_

Hacemos **fácil** que lo hagas **tuyo**.

**Cliente Pre-Aprobado**

Inauguración Plaza Periférico:  
11 de Octubre 2010.

Hacemos **fácil** que lo hagas **tuyo**

[www.rentacenter.com.mx](http://www.rentacenter.com.mx)

VIGENCIA ENERO 16 DE 2011

Folio No. \_\_\_\_\_

Folio: \_\_\_\_\_

Te invitamos a conocer la  **NUEVA y ÚNICA**  forma en México de obtener lo que necesitas para disfrutar tu hogar.

Inauguración Plaza Periférico  
11 de Octubre 2010.

**¡TU eres nuestro invitado especial!**

Plaza Periférico  
Carretera a Morelia No. 100, Cruz Llanero Sur  
Caj. Central de Servicios Sur, Avonca, Tlaxco.  
Teléfono: 846 36 72

¡Imagínate obtener lo que necesitas para disfrutar tu hogar con estos beneficios:

- Sin necesidad de historial de crédito.
- Entrega a domicilio y colocación gratuitas.
- Servicio de mantenimiento gratis.
- Pagos congelados en caso de imprevistos.

Ven y conviértete con nosotros a inauguración de Rent-A-Center y sé el primero en conocer y aprovechar esta gran oportunidad.

Hacemos **fácil** que lo hagas **tuyo**

[www.rentacenter.com.mx](http://www.rentacenter.com.mx)

Obtén **1 semana GRATIS** en tus pagos

Ahora que ya eres parte de la familia **Rent-A-Center**, queremos seguirte ayudando. Y también a los tuyos. Recomendamos con 5 amigos o familiares y por cada uno que complete una transacción, te descontamos un pago semanal en cualquier contrato de renta activa.

Nombre: \_\_\_\_\_

Id./Cel: \_\_\_\_\_

Nombre de tus amigos o familiares	Id./Cel:
1	_____
2	_____
3	_____
4	_____
5	_____

Oferta válida en la renta de un artículo de su elección y aplica a cualquier renta activa. No se requiere de renta, siempre y cuando exista tipo de contrato adicional para ganar los beneficios de la recomendación. Este cupón de rebajas vence el 16 de enero de 2011.



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- **Billboards**



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- Bus stop signage
- Billboards
- TV spots





**MUCHAS GRACIAS!**





# Q & A

