

*For Immediate Release:*



**First Cash Financial Services Reports Record Quarter for  
Net Income and EPS; Same-Store Sales Increase 14%**

ARLINGTON, Texas (October 19, 2004) -- First Cash Financial Services, Inc. (Nasdaq Stock Market: "FCFS") today announced revenues, net income and earnings per share for the three months ended September 30, 2004. Both the net income and earnings per share amounts recorded in the third quarter represent all-time records for any quarter in the history of First Cash.

**Earnings**

- Diluted earnings per share for the quarter ending September 30, 2004 were \$0.31. This represents an increase of 24% compared to \$0.25 diluted earnings per share for the third quarter of 2003.
- Net income for the third quarter was \$5.2 million. This represents a 29% increase over third quarter 2003 net income of \$4.0 million.
- For the nine months ending September 30, 2004, diluted earnings per share were \$0.86, an increase of 26% compared to \$0.68 for the comparative period in 2003.
- Year-to-date net income was \$14.6 million, compared to \$10.5 million for the first nine months of 2003, which represents a 39% increase.
- For the trailing twelve months ending September 30, 2004, diluted earnings per share from continuing operations were \$1.13, an increase of 24% over \$0.91 for the trailing twelve months ending September 30, 2003.

**Revenues**

- Total revenues for the third quarter were \$46.5 million, compared to \$37.2 million for the same quarter last year, representing an increase of 25%. Year-to-date revenues were \$128.7 million, up from \$104.9 million in the comparative 2003 period, which represents a 23% increase.
- Same-store revenues for the third quarter of 2004 increased by 14% over the comparable prior year quarter. For the nine months ending September 30, 2004, same-store revenues increased by 10% compared to the same period in 2003.
- Revenues excluding non-retail sales of scrap jewelry merchandise increased by 20%, from \$34.2 million in the third quarter of 2003 to \$41.1 million for the third quarter of 2004. Non-retail sales of scrap jewelry merchandise increased from \$3.0 million in the third quarter of 2003 to \$5.4 million in the third quarter of 2004.

**Growth and Operating Metrics**

- The Company added 13 new stores during the third quarter, bringing the number of store openings to 40 for the first nine months of 2004. The Company opened 34 stores in the first nine months of 2003.

- As of September 30, 2004, the Company's total store count was 273, a 22% increase over the unit count one year ago. In addition, the Company has 40 financial services kiosks located inside convenience stores.
- The Company's overall operating margin (income before income taxes) increased to 17.7% of revenues for the quarter ended September 30, 2004, compared to 17.4% for the same quarter in 2003. The current year-to-date operating margin was 18.0% compared to 16.2% for the nine months ended September 30, 2003.
- Short-term advance receivables increased from \$10.5 million at September 30, 2003 to \$14.0 million at September 30, 2004. This increase of 33% was the result of opening new stores, the continued maturation of existing stores and consolidation of the Cash & Go, Ltd. joint venture receivables in the amount of \$1.4 million.
- Pawn receivables, which totaled \$24.9 million at September 30, 2004, increased by 22% over the balance at September 30, 2003 of \$20.5 million. Pawn receivables in the Company's stores located in Mexico totaled \$7.8 million at the end of the current period, which compares to \$4.9 million one year ago.
- Retail merchandise margins, which do not include bulk jewelry scrap sales, were 45% for the nine months ending September 30, 2004, which equaled the margin for the same period in 2003. Year-to-date 2004 profit margins on total merchandise sales both retail and non-retail, were 41%, which was also consistent with the prior year.

### **Financial Position & Liquidity**

- On July 15, 2004 the Company announced a stock repurchase plan for up to 1.6 million shares of common stock. Through September 30, 2004, the Company has repurchased 623,000 shares under the plan at an average price of \$19.46 per share. Total shares outstanding at September 30, 2004 were 15,504,615.
- The Company reduced its interest-bearing debt by \$9 million during the most recent twelve-month period. As of September 30, 2004, the Company's only interest-bearing debt was its long-term line of credit, which had a balance of \$2 million, compared to \$11 million at September 30, 2003.
- As of September 30, 2004, total stockholders' equity was \$130 million, an amount which exceeded total liabilities by a ratio of 8 to 1. This compares to September 30, 2003, when stockholders' equity was \$110 million and exceeded total liabilities by a ratio of 4 to 1.
- While total inventories increased from \$15.0 million to \$18.1 million over the past twelve months, inventories in aging categories of 180 days or more decreased by 15% over the same period and currently represent only 12% of total inventories. On a per store basis, inventories decreased from \$98,000 per store at September 30, 2003 to \$95,000 per store at September 30, 2004.

### **Updated Earnings & Growth Estimates**

- Management forecasts that diluted earnings per share for the fourth quarter of 2004 will be in a range of \$0.34 to \$0.36. For the full 2004 fiscal year, diluted earnings per share are projected to be in a range of \$1.20 to \$1.22.
- With 40 new stores opened through September 30, 2004 and a significant number of new sites under lease and in the construction pipeline, the Company is on target to open a total of 52 to 55 stores during 2004, an increase over the previous forecast of 50 new stores. In addition, the Company has announced plans to open 60 stores in 2005, which it expects to fund through operating cash flows.

## Commentary & Analysis

The Company's Chairman and Chief Executive Officer, Rick Powell, commented on the Company's results for the third quarter of 2004, "We are extremely pleased with our performance for the quarter and the year as a whole. Our earnings per share increased by 24% over the comparative prior-year quarter, and year-to-date our earnings are up by 26%. This marks the 15<sup>th</sup> consecutive quarter that First Cash has posted double-digit EPS growth."

According to Mr. Powell, the Company continues to be excited about a very successful growth strategy, "Our year-to-date store openings are ahead of schedule and we expect to open more than our original target of 50. The significant gains in "same-store" sales and net income have allowed us to absorb the earnings impact from the new stores opened in 2004 and still maintain our targeted earnings growth."

The cash flows and financial position of the Company continue to be strong. For the first nine months of 2004, the Company has funded approximately \$5 million in loan receivable growth, \$5 million of capital expenditures primarily related to new stores and debt reduction of \$4 million. Most significantly, the Company has utilized over \$12 million in excess cash flows to repurchase common stock at an attractive price that will further enhance future earnings per share. Mr. Powell noted that, "First Cash is uniquely positioned to drive long-term shareholder value. We are funding an aggressive expansion plan from operating cash flows while, at the same time, reducing debt and directly increasing shareholder value through the stock repurchase program. As we move forward, our financial position gives us tremendous resources and flexibility for increasing growth in shareholder value."

In summary, Mr. Powell stated, "We remain committed to building a sustainable long-term growth platform that relies on new store startups rather than acquisitions. The Company continues to make significant investments in its management, technology and operational infrastructure to support this growth. Our expansion into new geographic markets will provide added diversification of our earnings stream."

## Business Description

First Cash Financial Services, Inc. is engaged in the operation of pawn and check cashing/short-term advance stores, which lend money on the collateral of pledged personal property, retail previously-owned merchandise acquired through loan forfeitures, and provide short-term advances, check cashing and other financial services. The Company currently owns and operates 274 pawn and check cashing/short-term advance stores in eleven states and Mexico. First Cash Financial Services is also an equal partner in Cash & Go, Ltd., a joint venture, which owns and operates 40 financial services kiosks located inside convenience stores. First Cash's common stock is traded on the Nasdaq Stock Market under the ticker symbol "FCFS" and it is a component company in the Russell 2000 Index.

First Cash was recently ranked 25<sup>th</sup> by Fortune Small Business magazine on the "**FSB 100: America's Fastest-Growing Small Public Companies.**" In addition, First Cash has been recognized for two consecutive years by Forbes magazine as one of the "**200 Best Small Companies.**" The 2003 ranking, which is based on a combination of profitability and growth performance measures over the most current one and five year periods, placed First Cash 73<sup>rd</sup> out of 3,500 companies evaluated by Forbes.

## **Forward-Looking Statements**

This release may contain forward-looking statements about the business, financial condition and prospects of First Cash Financial Services, Inc. Forward-looking statements can be identified by the use of forward-looking terminology such as “believes,” “projects,” “expects,” “may,” “estimates,” “should,” “plans,” “intends,” or “anticipates” or the negative thereof, or other variations thereon, or comparable terminology, or by discussions of strategy. Forward-looking statements in this release include, without limitation, the earnings per share discussion, the expectation for additional store openings, the expected impact of stock repurchase and the expectation for future operating cash flows necessary to fund store openings. These statements are made to provide the public with management’s assessment of the Company’s business. Although the Company believes that the expectations reflected in forward-looking statements are reasonable, there can be no assurances that such expectations will prove to be accurate. Security holders are cautioned that such forward-looking statements involve risks and uncertainties. The forward-looking statements contained in this release speak only as of the date of this statement, and the Company expressly disclaims any obligation or undertaking to release any updates or revisions to any such statement to reflect any change in the Company’s expectations or any change in events, conditions or circumstance on which any such statement is based. Certain factors may cause results to differ materially from those anticipated by some of the statements made in this release. Such factors are difficult to predict and many are beyond the control of the Company, but may include changes in regional, national or international economic conditions, the ability to open and integrate new stores, the ability to maintain favorable banking relationships as it relates to short-term lending products, changes in governmental regulations, unforeseen litigation, changes in interest rates, changes in tax rates or policies, changes in gold prices, changes in foreign currency exchange rates, future business decisions, and other uncertainties.

## **SELECTED OPERATING INFORMATION**

The following table details store openings and closings for the three and nine-month periods ended September 30, 2004:

	<u>Quarter Ended September 30, 2004</u>			<u>Nine Months Ended September 30, 2004</u>		
	Pawn Stores	Check Cashing/ Short-term Advance Stores	Total Stores	Pawn Stores	Check Cashing/ Short-term Advance Stores	Total Stores
Beginning of period count.....	180	80	260	160	75	235
New stores opened .....	10	3	13	32	8	40
Closed stores .....	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>(2)</u>
End of period count .....	<u>190</u>	<u>83</u>	<u>273</u>	<u>190</u>	<u>83</u>	<u>273</u>

For the quarter and nine months ended September 30, 2004, the Company’s 50% owned joint venture, Cash & Go, Ltd., operated a total of 40 kiosks located inside convenience stores in the state of Texas, which are not included in the above chart. No kiosks were opened or closed during the nine-month period ended September 30, 2004.

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	Sept. 30,	Sept. 30,	Sept. 30,	Sept. 30,
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	(unaudited, in thousands, except per share amounts)			
Revenues:				
Merchandise sales.....	\$ 22,006	\$ 17,283	\$ 61,103	\$ 49,986
Pawn service charges.....	8,998	7,634	25,176	20,796
Short-term advance service charges .....	14,545	11,362	39,187	31,136
Check cashing fees .....	683	670	2,316	2,109
Other.....	<u>312</u>	<u>292</u>	<u>930</u>	<u>876</u>
	<u>46,544</u>	<u>37,241</u>	<u>128,712</u>	<u>104,903</u>
Cost of revenues:				
Cost of goods sold .....	13,603	10,245	36,330	29,570
Short-term advance loss provision.....	4,007	3,009	8,413	7,137
Check cashing returned items expense .....	<u>50</u>	<u>59</u>	<u>179</u>	<u>151</u>
	<u>17,660</u>	<u>13,313</u>	<u>44,922</u>	<u>36,858</u>
Gross profit.....	<u>28,884</u>	<u>23,928</u>	<u>83,790</u>	<u>68,045</u>
Expenses:				
Operating expenses.....	15,353	13,534	44,723	38,089
Interest expense .....	17	108	60	412
Interest income .....	(10)	(133)	(42)	(467)
Depreciation .....	1,073	828	2,982	2,176
Administrative expenses.....	<u>4,208</u>	<u>3,110</u>	<u>12,870</u>	<u>10,855</u>
	<u>20,641</u>	<u>17,447</u>	<u>60,593</u>	<u>51,065</u>
Income before income taxes.....	8,243	6,481	23,197	16,980
Provision for income taxes .....	<u>3,053</u>	<u>2,465</u>	<u>8,583</u>	<u>6,465</u>
Net income .....	<u>\$ 5,190</u>	<u>\$ 4,016</u>	<u>\$ 14,614</u>	<u>\$ 10,515</u>
Net income per share:				
Basic .....	<u>\$ 0.33</u>	<u>\$ 0.28</u>	<u>\$ 0.93</u>	<u>\$ 0.77</u>
Diluted.....	<u>\$ 0.31</u>	<u>\$ 0.25</u>	<u>\$ 0.86</u>	<u>\$ 0.68</u>
Weighted average common shares outstanding:				
Basic.....	<u>15,750</u>	<u>14,300</u>	<u>15,738</u>	<u>13,658</u>
Diluted.....	<u>16,830</u>	<u>16,358</u>	<u>17,068</u>	<u>15,417</u>

*Earnings per share and outstanding share amounts reflect the Company's three-for-two stock split on April 6, 2004.*

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	September 30,	
	2004	2003
	(unaudited)	
	(in thousands)	
<b>ASSETS:</b>		
Cash & cash equivalents .....	\$ 12,288	\$ 13,665
Service charges receivable .....	4,527	3,615
Pawn receivables.....	24,859	20,457
Short-term advance receivables .....	14,014	10,532
Inventories.....	18,074	15,011
Prepaid expenses and other current assets.....	1,303	1,239
Income taxes receivable .....	598	2,043
Total current assets.....	75,663	66,562
Property & equipment, net .....	16,767	12,926
Goodwill.....	53,237	53,194
Receivable from Cash & Go, Ltd.....	-	4,943
Other .....	772	612
	<b>\$ 146,439</b>	<b>\$ 138,237</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY:</b>		
Accounts payable and other current liabilities .....	\$ 7,380	\$ 11,775
Total current liabilities .....	7,380	11,775
Revolving credit facility.....	2,000	11,000
Deferred income taxes payable .....	6,855	5,824
Total liabilities .....	16,235	28,599
Stockholders' Equity .....	130,204	109,638
	<b>\$ 146,439</b>	<b>\$ 138,237</b>

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