



THIRD QUARTER EARNINGS PRESENTATION  
DECEMBER 5, 2013



# Safe Harbor Agreement

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Such forward-looking statements include information concerning our future financial performance, business strategy, plans, goals and objectives. Statements containing the words "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "project," "should," or the negative of such terms or other similar expressions are generally forward-looking in nature and not historical facts. Although we believe that the expectations, opinions, projections, and comments reflected in these forward-looking statements are reasonable, we can give no assurance that such statements will prove to be correct. These risks are detailed in our SEC reports, including but not limited to, our Annual Report on Form 10-K. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Except as required by law, we are not obligated to publicly release any revisions or update to these forward-looking statements to reflect events or circumstances after the date of this presentation to reflect the occurrence of unanticipated events.

# Same Store Sales Growth

	<b>Same Store Sales <u>% Change for 3Q FY14</u></b>
Home appliance	22.4%
Furniture and mattress	55.1%
Consumer electronics	25.8%
Home office	56.6%
Other	10.8%
<b>Product sales</b>	<b>32.7%</b>
Repair service agreement commissions	55.4%
<b>Total net sales</b>	<b>35.1%</b>

Other category includes lawn and garden, general accessories and delivery and installation revenues



# Gross Margin Performance by Product Category

	3Q FY14		3Q FY13		Basis Point Change
	<u>Gross Margin</u>	<u>ASP</u>	<u>Gross Margin</u>	<u>ASP</u>	<u>Gross Margin</u>
Home appliance	32.9%	\$687	28.2%	\$613	470
Furniture and mattress	50.3%	\$365	45.3%	\$344	500
Consumer electronics	29.4%	\$740	24.5%	\$706	490
Home office	19.5%	\$660	17.9%	\$661	160
Other	37.8%	\$103	41.3%	\$111	(350)
<b>Total product</b>	<b>35.1%</b>	<b>\$474</b>	<b>30.3%</b>	<b>\$448</b>	<b>480</b>

ASP amounts exclude accessory items  
 Other category includes lawn and garden, general accessories, delivery and installation revenues

# Sales Floor Execution

	<u>3Q FY14</u>	<u>3Q FY13</u>
Average Sales Per Associate	\$72,200	\$59,600
Customer Satisfaction	94%	92%



# Furniture and Mattress Category

	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>3Q FY14</u>
Furniture and Mattress Information -				
All Stores:				
Percentage of total product sales	12.6%	16.7%	20.5%	26.8%
Percentage of total gross profit dollars	19.2%	23.5%	30.8%	38.7%
New Stores:				
Percentage of total product sales				37.7%

# Providing Customers Additional Ways to Apply for Credit

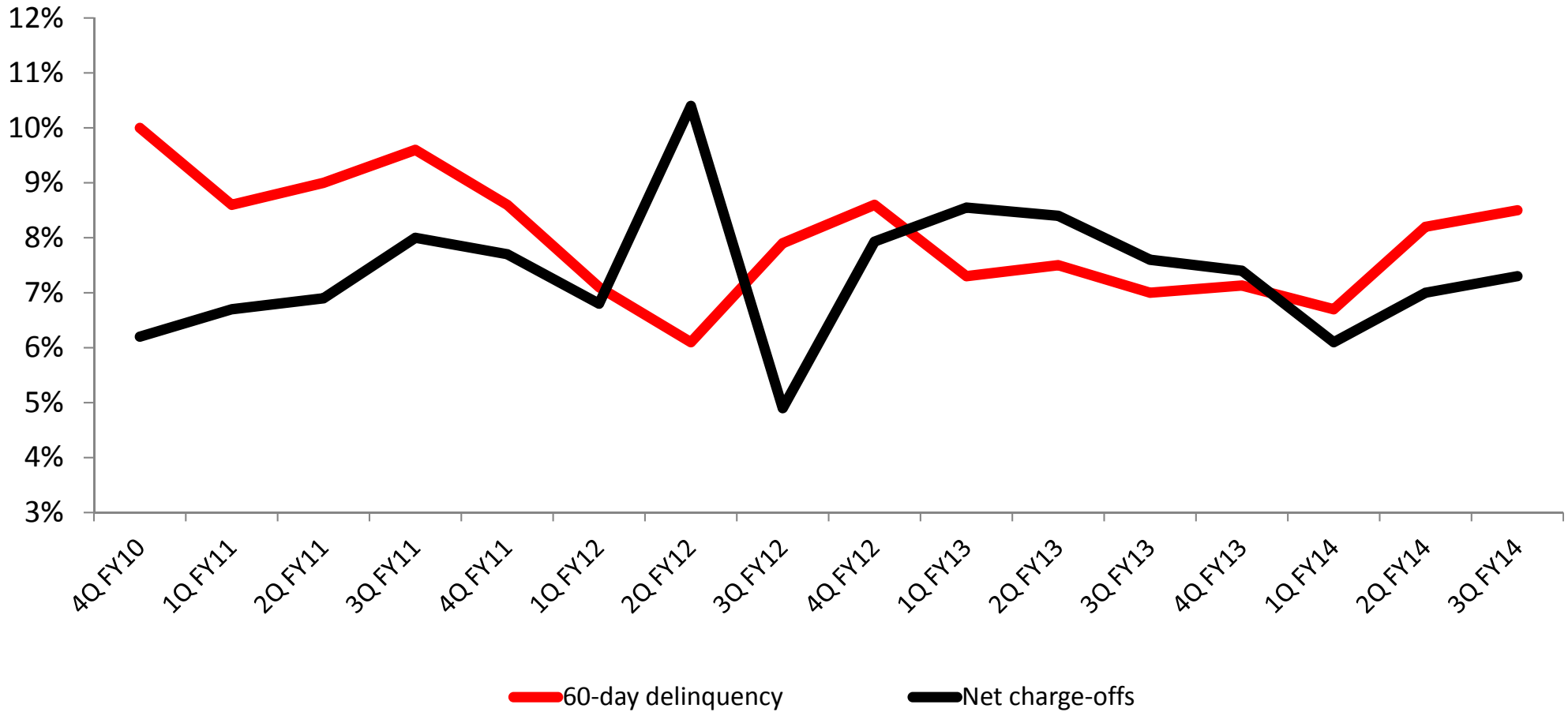
	3Q Application Volume		
	<u>FY 14</u>	<u>FY 13</u>	<u>% Change</u>
Online via the Web	86,625	30,523	184%
Telephone	9,523	1,459	553%
Mail-in	10,727	-	n.m.
In Store	160,683	166,635	(4)%
	<u><b>267,558</b></u>	<u><b>198,617</b></u>	<u><b>35%</b></u>

# New Store Productivity – 3Q FY14

	<u>New Stores</u>	<u>All Stores</u>
Average 3Q FY14 New Store Product Sales as a Percentage of Average Sales for All Stores	108%	
Furniture and Mattress Sales as a Percentage of Total Product Sales	38%	27%

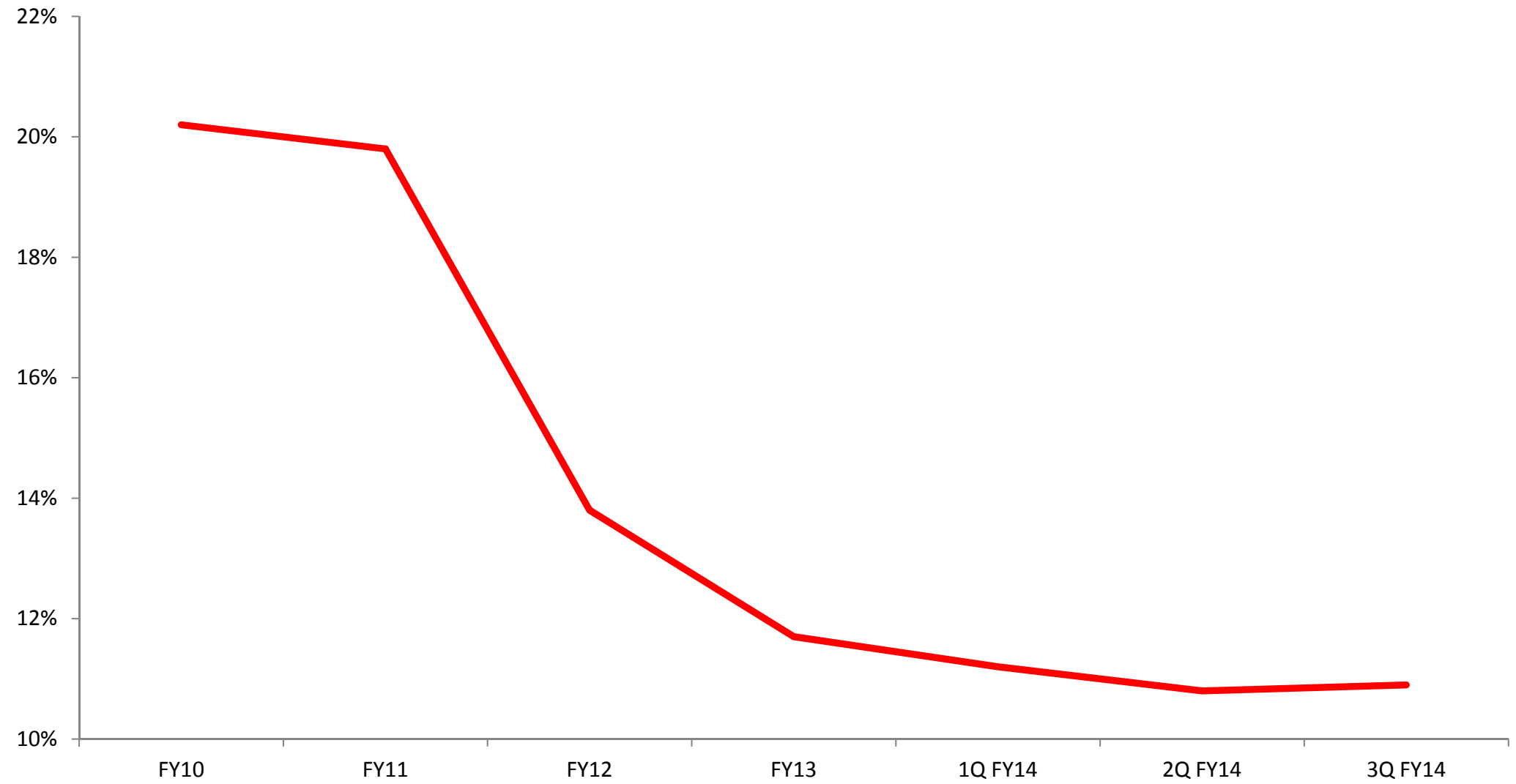


# Credit Portfolio Trends

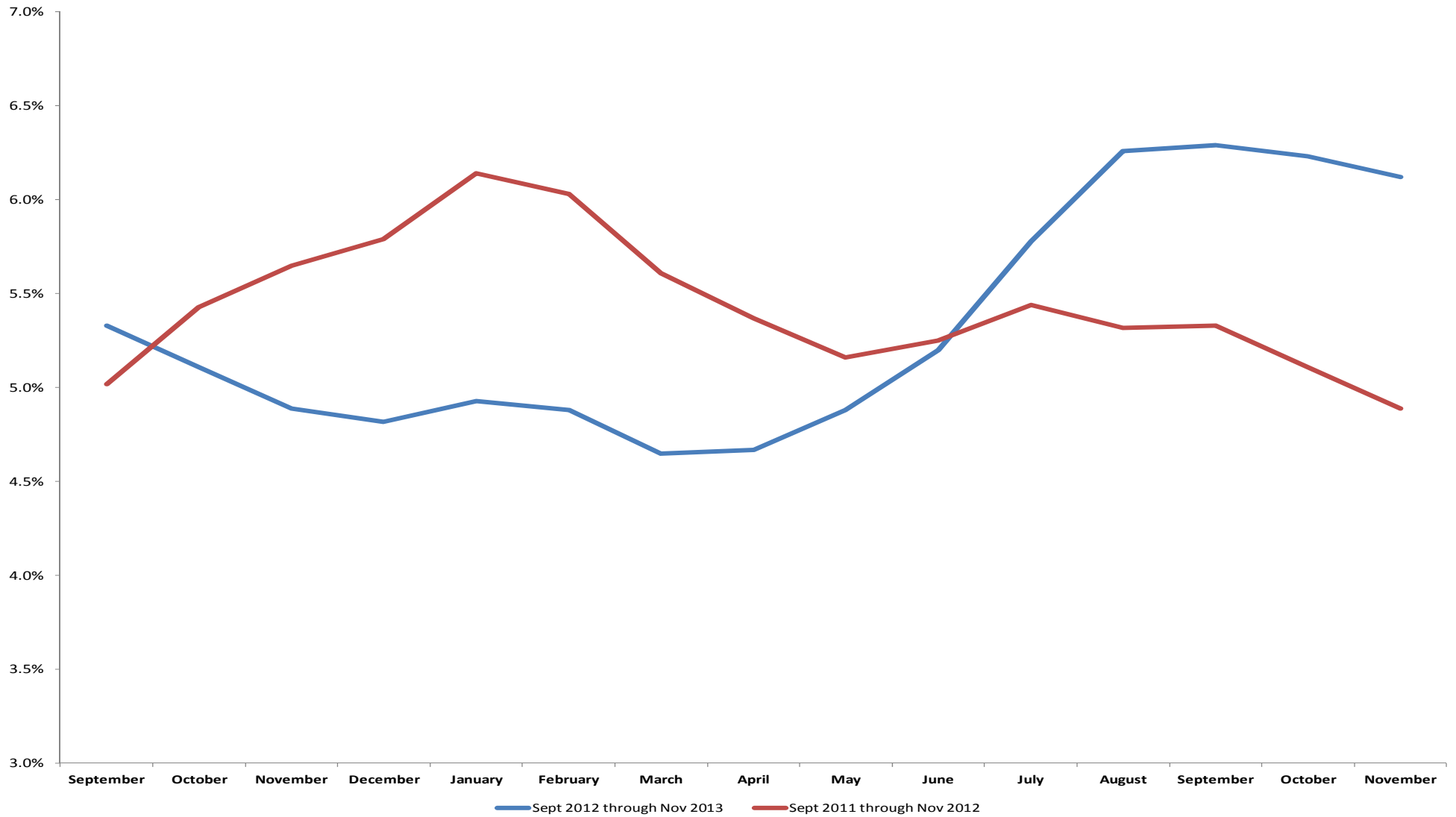


# Reduced Balances Re-aged

Percent of the Portfolio Re-aged at End of Period



# Late Stage Delinquency (91-209 Days Past Due)



# Static Pool Loss Analysis

## Cumulative Loss Rate as a % of Balance Originated

Fiscal Year of Origination	Year From Origination					<i>% of Originations Outstanding as of 10/31</i>
	0	1	2	3	Terminal	
2005	0.3%	1.8%	3.5%	4.4%	5.1%	
2006	0.3%	1.9%	3.6%	4.8%	5.8%	
2007	0.2%	1.7%	3.5%	4.8%	5.8%	
2008	0.2%	1.8%	3.6%	5.1%	5.9%	
2009	0.2%	2.1%	4.6%	6.1%	6.6%	
2010	0.2%	2.4%	4.6%	6.0%	6.1%	0.2%
2011	0.4%	2.6%	5.2%	5.8%		1.2%
2012	0.2%	3.1%	4.9%			10.8%
2013	0.4%	3.4%				35.4%

- As of October 31, 2013, the outstanding balance of accounts originated prior to fiscal 2010 were insignificant.
- The static loss analysis presents the percentage of balances charged off, based on the fiscal year the credit account was originated and the period the balance was charged off. The percentage computed is calculated by dividing the cumulative amount charged off since origination, net of recoveries, by the original balance of accounts originated during the applicable fiscal year. Period 0 is the year of origination.

# Valuable Credit Offering for All Consumers

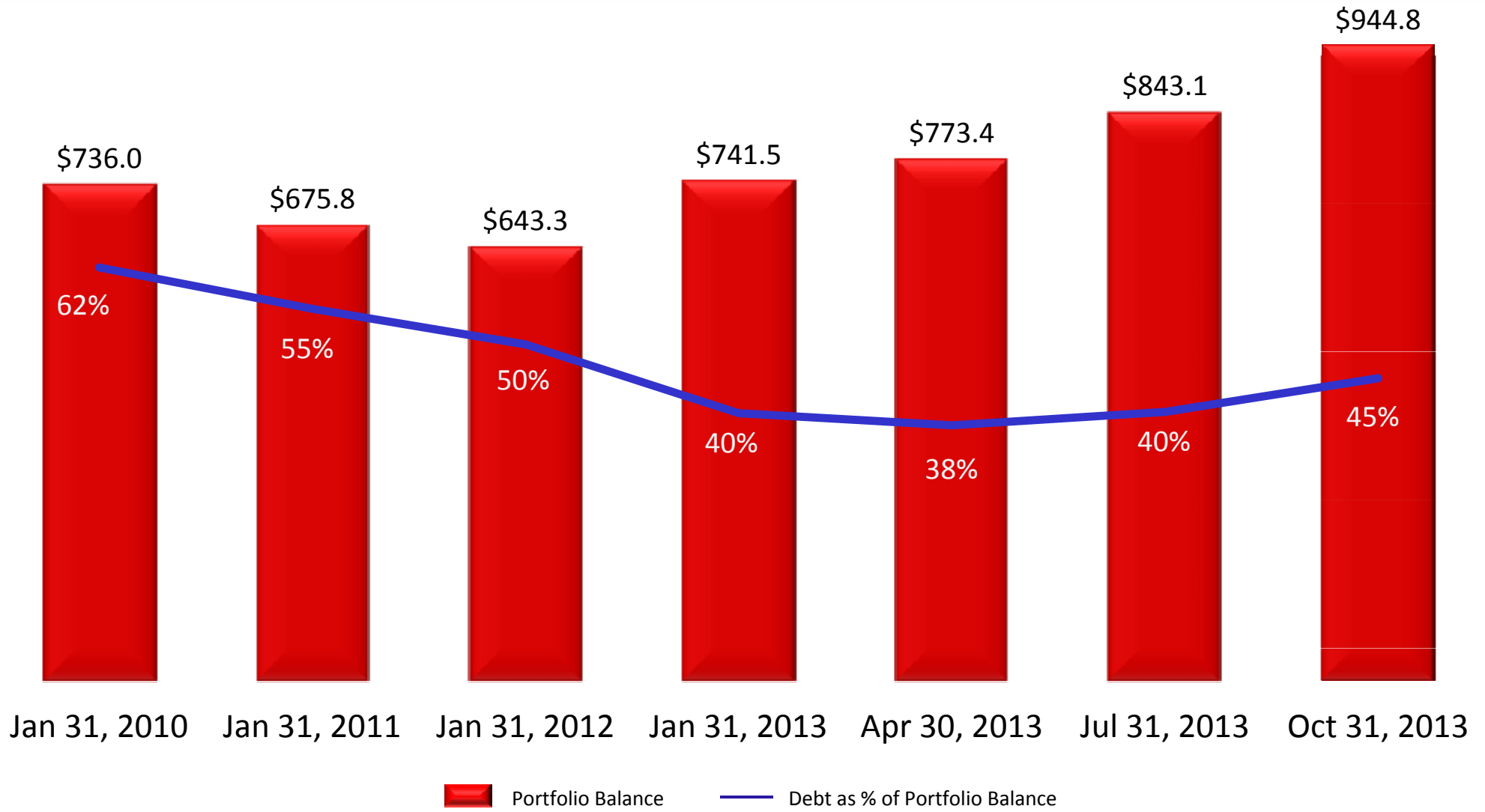
## Percent of Sales Generated by Payment Option

	<u>3Q FY14</u>	<u>3Q FY13</u>
Conn's Credit (including down payment)	79.5%	72.3%
GE Capital	11.5%	14.5%
RAC Acceptance (Rent-to-Own)	<u>2.5%</u>	<u>3.7%</u>
<b>Total</b>	<b>93.5%</b>	<b>90.5%</b>

# Retail SG&A Comparison

	% of Sales <u>3Q FY14</u>	% of Sales <u>3Q FY13</u>	Basis Point <u>Change</u>
Advertising	5.1%	4.8%	30
Compensation	14.6%	15.2%	(60)
Other SG&A	<u>7.5%</u>	<u>8.5%</u>	<u>(100)</u>
Retail SG&A	<u>27.2%</u>	<u>28.5%</u>	<u>(130)</u>
Retail SG&A as % of Retail Gross Profit	67.1%	79.2%	(1210)

# Debt as Percent of Portfolio Balance

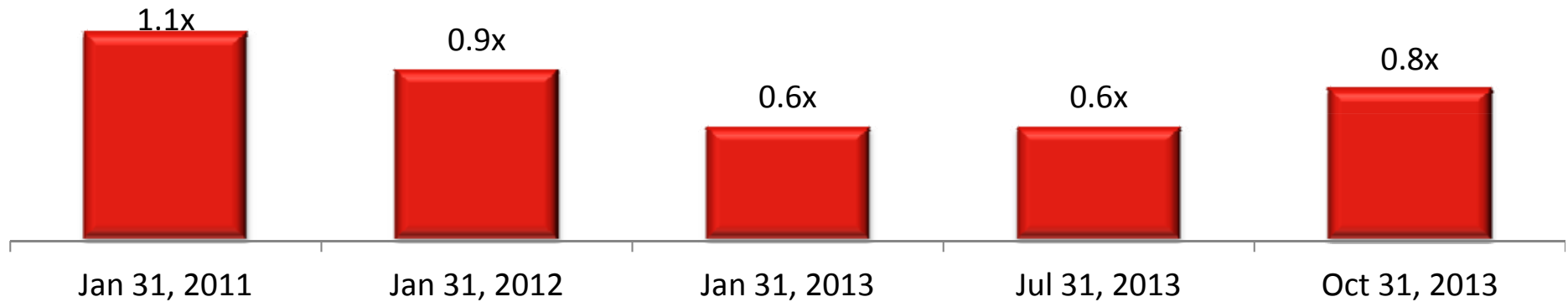


- Portfolio balance in millions
- Debt as a percent of portfolio balance = Total debt/Portfolio Balance

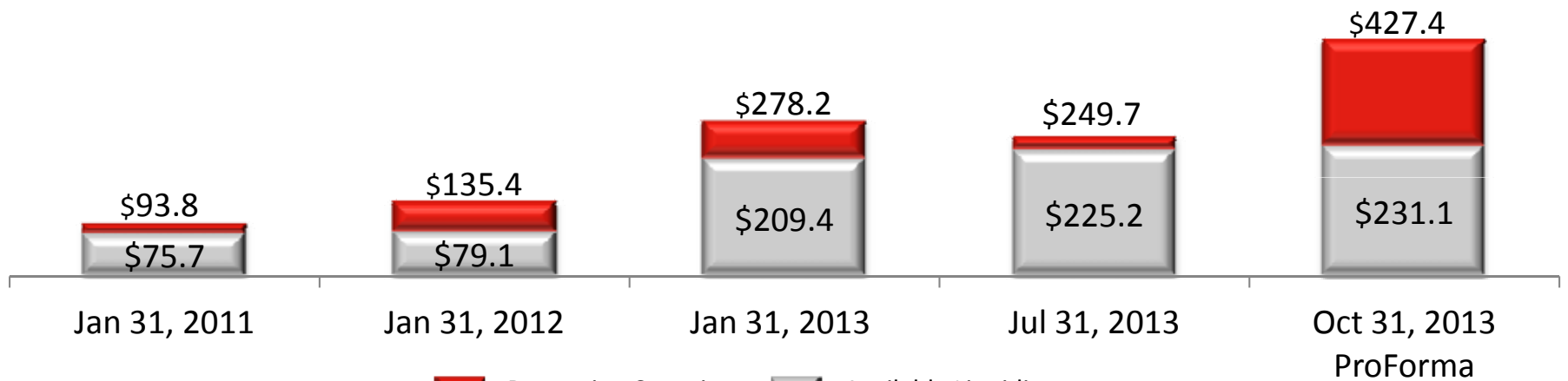


# Considerable Access to Capital

## Total Debt to Stockholders' Equity



## Borrowing Capacity (\$ in mm)



■ Borrowing Capacity   
 ■ Available Liquidity

(1) Adjusted to reflect November 2013 amendment to Revolving Credit Facility increasing borrowing capacity \$265 million to \$850 million.





# Full-Year FY2014 EPS Guidance Raised

	<u>Full-Year Expectations</u>
• Same store sales growth	22% to 25%
• New store openings	13
• Retail gross margin	39.3% to 39.8%
• Credit portfolio interest and fee yield	17.8% to 18.1%
• Provision for bad debts as % average portfolio balance <sup>(1)</sup>	9.4% to 9.7%
• SG&A expense as % of total revenues	28.5% to 29.0%
• Diluted EPS, on an adjusted basis	\$2.75 to \$2.80

(1) Based on same store sale growth expectations.

# Full-Year FY2015 EPS Guidance Initiated

	<u>Full-Year Expectations</u>
• Same store sales growth	7% to 12%
• New store openings	15 to 20
• Retail gross margin	39.0% to 40.0%
• Credit portfolio interest and fee yield	≈ 18.0%
• Provision for bad debts as % average portfolio balance <sup>(1)</sup>	8.0% to 9.0%
• SG&A expense as % of total revenues	28.0% to 29.0%
• Diluted EPS	\$3.80 to \$4.00
• Diluted shares outstanding	37.1 million

(1) Based on same store sale growth expectations.



*Conn's*

## Impact of Originations on Credit Segment Performance

The following provides a summary of the estimated income statement impact of the origination of a single \$2,000 installment loan over two quarters. The analysis assumes an annual interest rate of 21%, a term of 24 months and an origination date of March 31.

	<u>Q1</u>	<u>Q2</u>
Beginning principal balance	\$ -	\$ 1,932
March 31 loan origination	2,000	-
Principal payments	(68)	(211)
Ending principal balance	<u>\$ 1,932</u>	<u>\$ 1,721</u>
Interest income	\$ 35	\$ 98
Estimated origination costs	11	-
Bad debt provision estimate <sup>(a)</sup>	35	-
Operating income (loss)	<u>\$ (11)</u>	<u>\$ 98</u>
Average principal balance	\$ 983	\$ 1,827
Annualized provision rate	14%	0%

Results from annualizing a full-year provision amount.

<sup>(a)</sup> Twelve months of expected losses provided in the month a loan originates. Assumes loan remains current over the periods.

## Fiscal 2012 & 2013 Static Loss by Quarter of Origination

<i>Period of Origination</i>	<i>Originations<sup>i</sup></i>	<i>Cumulative Net Charge-off</i>	<i>% of Balance Remaining</i>	<i>Balance Outstanding<sup>i</sup></i>
<b>FY2012</b>				
Q1	\$128.6	5.3%	5.3%	\$6.8
Q2	\$134.2	4.7%	8.2%	\$11.0
Q3	\$144.3	4.9%	11.8%	\$16.9
Q4	\$191.9	4.7%	15.7%	\$30.2
<b>Totals</b>	<b>\$599.0</b>	<b>4.9%</b>	<b>10.8%</b>	<b>\$64.9</b>
<b>FY2013</b>				
Q1	\$164.2	4.7%	23.0%	\$37.8
Q2	\$179.3	3.8%	28.0%	\$50.2
Q3	\$173.1	2.9%	36.5%	\$63.0
Q4	\$218.8	2.5%	50.0%	\$109.4
<b>Totals</b>	<b>\$735.4</b>	<b>3.4%</b>	<b>35.4%</b>	<b>\$260.4</b>

<sup>i</sup> in millions

- The static loss analysis presents the percentage of balances charged off, based on the period the credit account was originated. The percentage computed is calculated by dividing the cumulative net amount charged off since origination by the original balance of accounts originated during the applicable period. The net charge-off was determined by estimating, on a pro rata basis, the amount of the recoveries received during a period that were allocable to the charge-offs of each origination period.

- The origination amount includes sales taxes and other amounts that are not included in retail net sales.

## FY 2015 Annual Guidance Sensitivity Analysis

The following provides a summary of the estimated full-year EPS impact on our current fiscal 2015 earnings guidance of changes to assumptions for: same store sales growth, retail gross margin, interest and fee income yield, provision for bad debts as a percentage of the average portfolio balance and the effective interest rate on outstanding borrowings.

	<b>Basis Point Change in Assumption</b>	<b>Estimated EPS Impact <sup>(a)</sup></b>
Same store sales growth	500	\$ 0.16
Retail gross margin	100	\$ 0.22
Interest and fee income yield	100	\$ 0.20
Provision for bad debt/portfolio	100	\$ 0.20
Borrowing interest rate	100	\$ 0.11

<sup>(a)</sup> Estimated positive or negative impact to high-end of fiscal 2015 EPS guidance.