



# FOURTH QUARTER EARNINGS PRESENTATION

## MARCH 27, 2014



# 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 4Q FY14</u></b>
Home appliance	29.5%
Furniture and mattress	59.7%
Consumer electronics	13.2%
Home office	53.0%
Other	25.2%
<b>Product sales</b>	<b>31.9%</b>
Repair service agreement commissions	37.0%
<b>Total net sales</b>	<b>33.4%</b>

Other category includes general accessories and delivery and installation revenues

# Gross Margin Performance by Product Category

	4Q FY14		4Q FY13		Basis Point Change
	<u>Gross Margin</u>	<u>ASP</u>	<u>Gross Margin</u>	<u>ASP</u>	<u>Gross Margin</u>
Home appliance	35.7%	\$702	34.0%	\$677	170
Furniture and mattress	50.3%	\$387	46.7%	\$345	360
Consumer electronics	28.0%	\$669	23.6%	\$683	440
Home office	21.2%	\$600	17.3%	\$588	390
Other	51.9%	\$86	65.0%	\$74	(1310)
<b>Total product</b>	<b>35.4%</b>	<b>\$487</b>	<b>31.7%</b>	<b>\$463</b>	<b>370</b>

ASP amounts exclude accessory items

Other category includes general accessories, delivery and installation revenues

# Furniture and Mattress Category

	<u>FY12</u>	<u>FY13</u>	<u>4Q FY14</u>	<u>FY14</u>
Furniture and Mattress Information -				
All Stores:				
Percentage of total product sales	16.7%	20.5%	26.2%	25.9%
Percentage of total gross profit dollars	23.5%	30.8%	37.2%	36.9%
Same Stores:				
Period over period sales increase	39.9%	43.2%	59.7%	51.0%
New Stores:				
Percentage of total product sales			34.3%	36.1%

# New Store Performance

*\$ in thousands, except per square foot*

## Average Retail Store Statistics

Average Total Sales	\$15,900
EBITDA	\$4,400
EBITDA Margin	27.7%
Average Retail Floor Space	40,800 sq. ft.
Sales per Square Foot	\$390

## Average Capital Investment for New Store

Build-out Cost, Net of Tenant Allowance	\$1,000
Inventory, Net of Payables	\$250
Net Capital Investment	\$1,250
Cash Payback	~6 Months
Cash on Cash Return	300%+

## Estimated Longer-Term Capital Needed to Support Receivables

Est. Receivables Balance Generated by Full-Year Sales	\$16,700
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*Actual results based on average of the five new stores open for full 12-months in Fiscal 2014.*

# Average FICO Score in Portfolio

<u>As of Jan. 31</u>	<u>Weighted Average. Score</u>
2010	586
2011	591
2012	602
2013	600
2014	594

# Cash Option Performance

60+ Day Delinquency		
	Originated as <u>Cash Option</u> <sup>(a)</sup>	<u>Total</u>
As of January 31, 2014	6.6%	8.8%

Static Loss		
<u>Year of Origination</u>	Originated as <u>Cash Option</u> <sup>(a)</sup>	<u>Non Cash Option</u>
FY10	3.1%	6.7%
FY11	3.6%	6.4%
FY12	4.4%	5.9%
FY13	4.7%	5.7%

<sup>(a)</sup> Includes all accounts originated as a cash option, even if the account no longer qualifies.



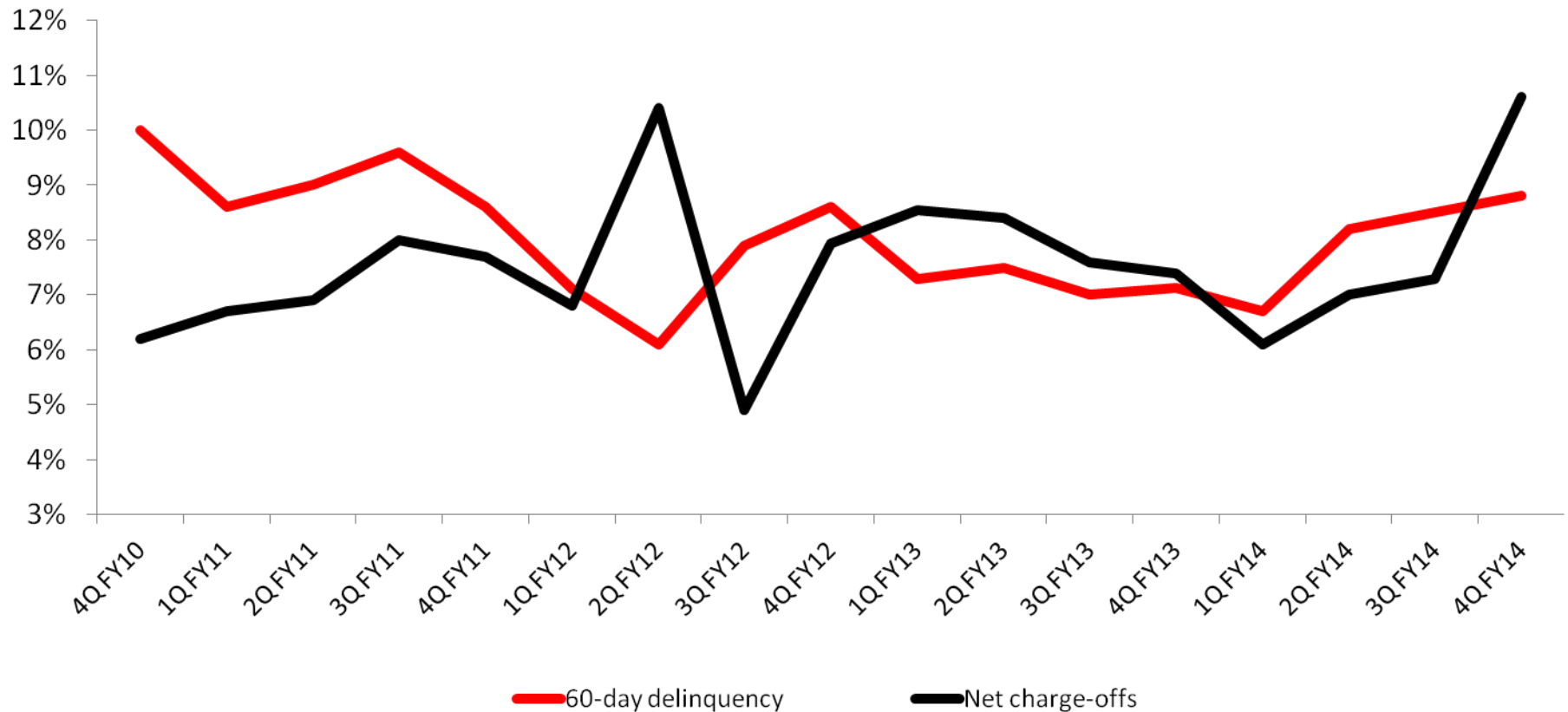
# 60+ Day Delinquency Rates by Product Category

As of January 31, 2014

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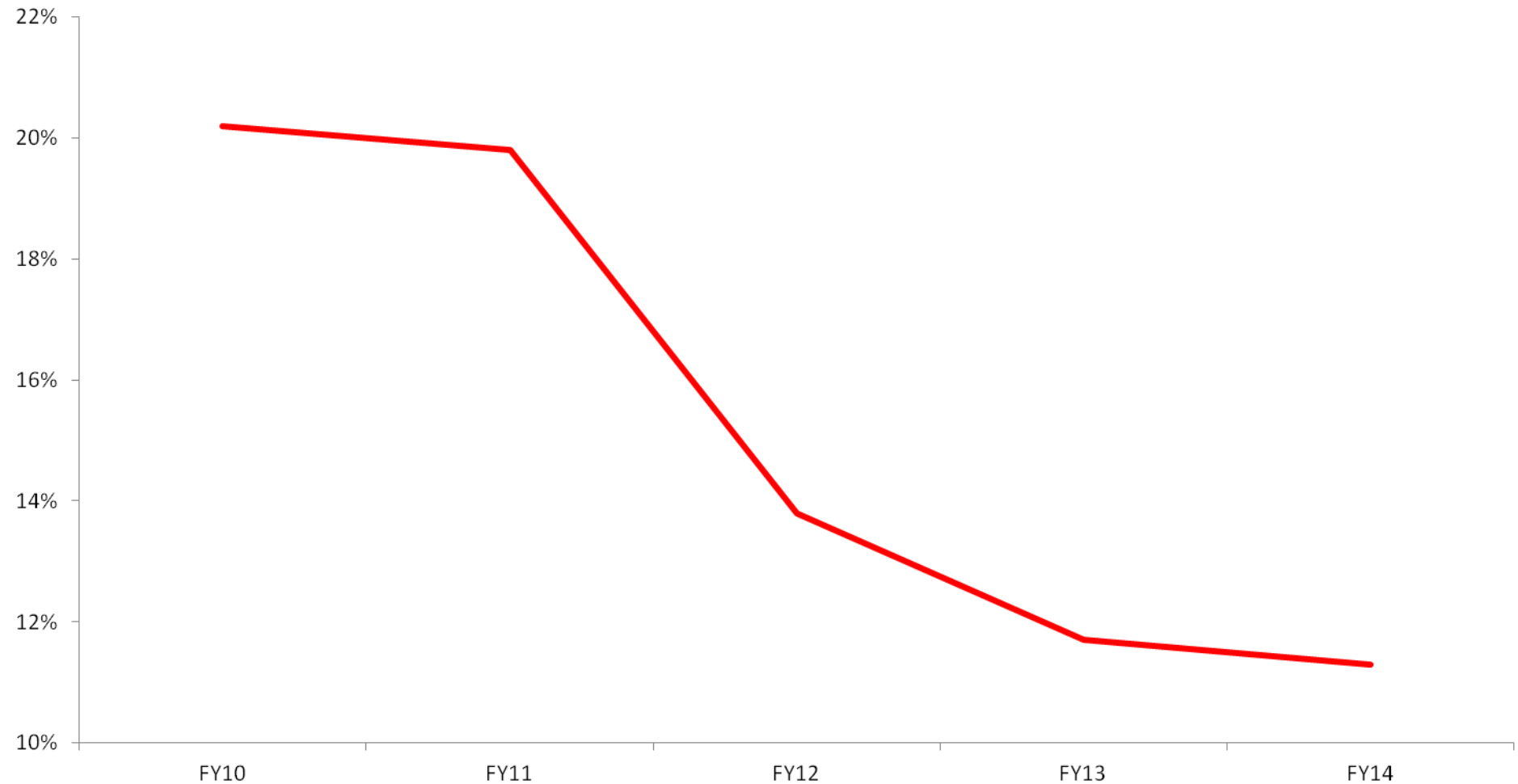
Home Appliance	6.6%
Furniture & Mattress	8.4%
Consumer Electronics	9.5%
Home Office	10.7%
Total Portfolio	8.8%

# Credit Portfolio Trends



# Reduced Balances Re-aged

Percent of the Portfolio Re-aged at End of Period



# 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 1/31</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%	0.1%
2011	0.4%	2.6%	5.2%	5.8%		0.6%
2012	0.2%	3.1%	5.5%			7.2%
2013	0.4%	5.2%				25.9%
2014	0.8%					77.0%

- As of January 31, 2014, 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

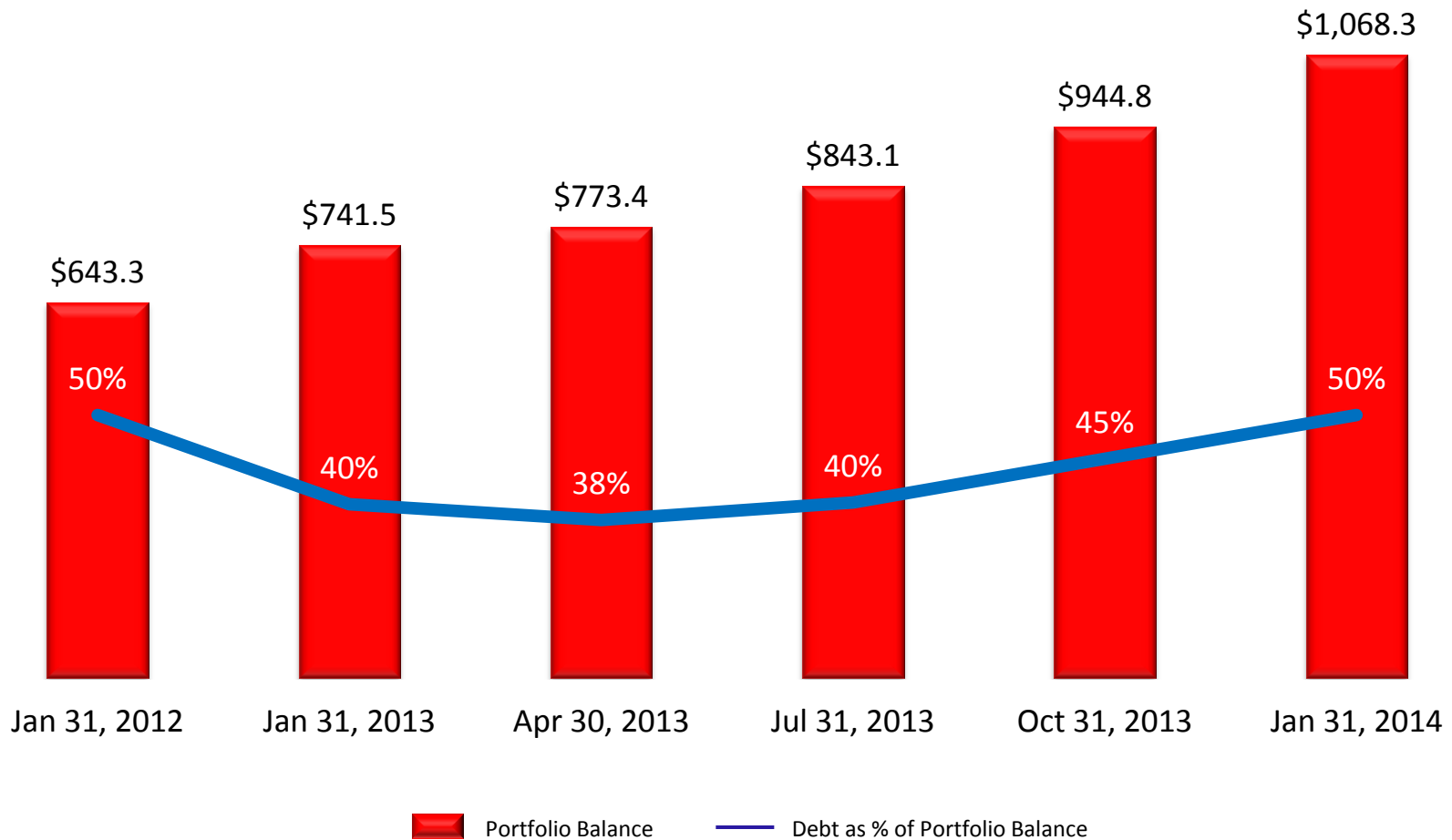
## Percent of Sales Generated by Payment Option

	<u>4Q FY14</u>	<u>4Q FY13</u>
Conn's Credit (including down payment)	78.1%	74.6%
GE Capital	12.7%	16.1%
RAC Acceptance (Rent-to-Own)	<u>3.6%</u>	<u>3.3%</u>
<b>Total</b>	<b>94.4%</b>	<b>94.0%</b>
Down Payment %	3.1%	2.8%

# Retail SG&A Comparison

	% of Sales 4Q FY14	% of Sales 4Q FY13	Basis Point Change
Advertising	5.6%	5.4%	20
Compensation	13.8%	14.7%	(90)
Other SG&A	<u>5.2%</u>	<u>7.5%</u>	<u>(230)</u>
Retail SG&A	<u>24.6%</u>	<u>27.6%</u>	<u>(300)</u>
Retail SG&A as % of Retail Gross Profit	60.2%	74.3%	(1410)

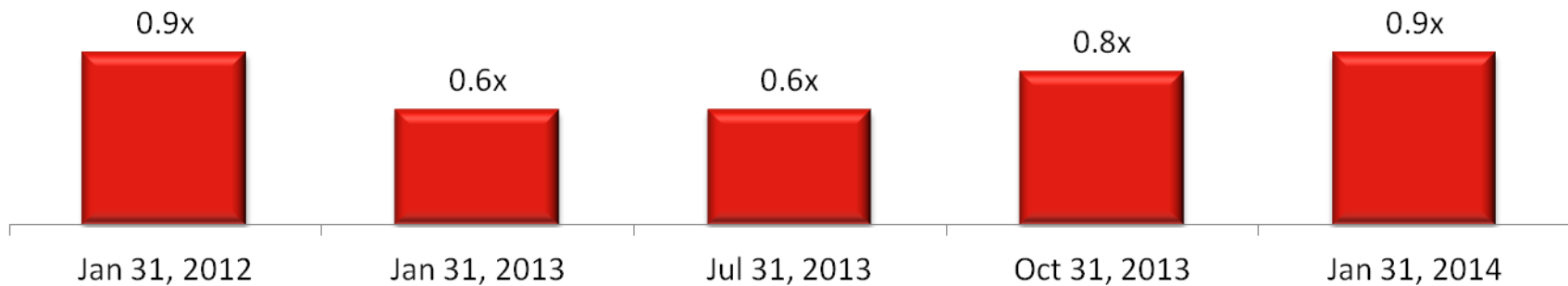
# Debt as Percent of Portfolio Balance



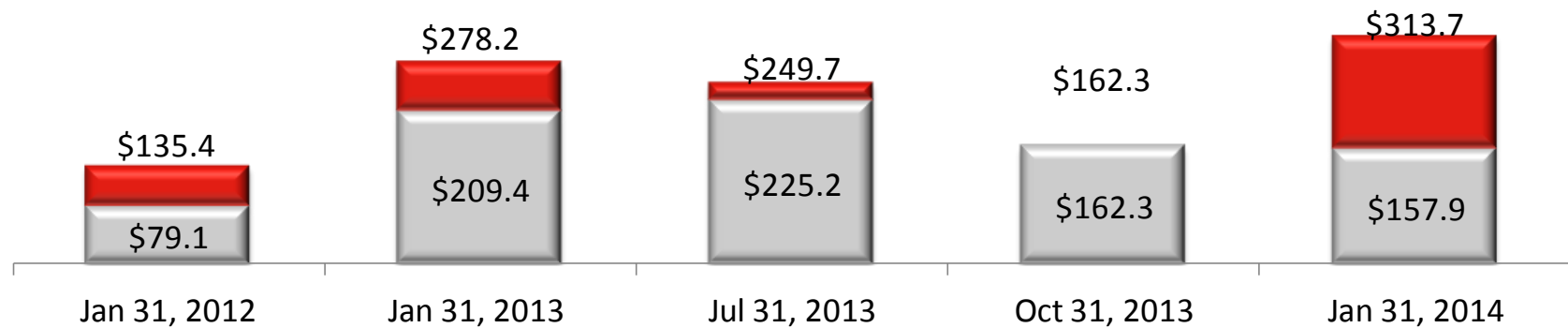
- Portfolio balance in millions
- Debt as a percent of portfolio balance = Total debt/Portfolio Balance

# Considerable Access to Capital

## Total Debt to Stockholders' Equity



## Borrowing Capacity (\$ in mm)



 Borrowing Capacity  Available Liquidity



# Full-Year FY2015 EPS Guidance

	<u>Full-Year Expectations</u>
• Same store sales growth	5% to 10%
• 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 10.0%
• SG&A expense as % of total revenues	28.0% to 29.0%
• Diluted EPS	\$3.40 to \$3.70
• Diluted shares outstanding	37.4 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	5.7%	2.8%	\$3.6
Q2	\$134.2	5.1%	5.2%	\$7.0
Q3	\$144.3	5.6%	8.1%	\$11.6
Q4	\$191.9	5.6%	10.9%	\$20.9
<b>Totals</b>	<b>\$599.0</b>	<b>5.5%</b>	<b>7.2%</b>	<b>\$43.1</b>
<b>FY2013</b>				
Q1	\$164.2	6.3%	16.8%	\$27.6
Q2	\$179.3	5.5%	20.4%	\$36.6
Q3	\$173.1	4.6%	27.9%	\$48.3
Q4	\$218.8	4.8%	35.8%	\$78.4
<b>Totals</b>	<b>\$735.4</b>	<b>5.2%</b>	<b>25.9%</b>	<b>\$190.8</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	\$ 0.15
Retail gross margin	100	\$ 0.23
Interest and fee income yield	100	\$ 0.21
Provision for bad debt/portfolio	100	\$ 0.21
Borrowing interest rate	100	\$ 0.12

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