December 1, 2005

Conn's, Inc. Reports Record Earnings for the Quarter and Nine Months Ended October 31, 2005

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BEAUMONT, Texas, Dec 01, 2005 (BUSINESS WIRE) -- Conn's, Inc. (NASDAQ/NM:CONN), a specialty retailer of home appliances, consumer electronics, computers, mattresses and lawn and garden products, today announced record results for the third quarter and nine months ended October 31, 2005.

Net income for the third quarter increased 44.6% to $9.1 million compared to $6.3 million for the third quarter of last year. Diluted earnings per share were $0.38 compared with $0.27 for the third quarter of last year. Total revenues for the quarter ended October 31, 2005 increased 30.4% to $173.3 million compared with $132.9 million for the quarter ended October 31, 2004. This increase in revenue included net sales increases of $37.9 million or 33.0% and increases from "Finance charges and other" of $2.5 million or 13.8%. Same store sales (revenues earned in stores operated for the entirety of both periods) increased 23.3% for the third quarter ended October 31, 2005. The strong same store sales performance was achieved through improved execution, attention to detail, effective sales promotions and the post-storm impact of Hurricanes Katrina and Rita.

Expenses incurred relative to Hurricane Rita for the quarter totaled approximately $822,000. These expenses included costs of repairs to facilities, loss of damaged merchandise and costs associated with temporarily relocating and operating corporate functions away from the storm-affected area, net of estimated probable insurance reimbursement of $1.1 million. Due to evacuation orders prior to the storm in the Houston market and actual loss of essential services in the storm-affected area in Southeast Texas and Southwest Louisiana after the storm, several stores were closed resulting in 134 lost store days during the quarter or approximately 2.7% of the available store days. While the results for the quarter include loss of revenue due to the closed stores, it also includes the positive impact of increased sales due to replacement of storm-damaged appliances and electronics. The overall net positive impact to third quarter sales due to the storm is estimated at approximately 700 to 900 basis points of the same store sales increase.

Also impacted by the storm were collections on outstanding customer receivables which has resulted in an increase in delinquencies greater than sixty days of approximately 140 basis points. Such an increase in delinquencies could ultimately result in higher charge-offs in the next fiscal year. The Company and its QSPE also temporarily experienced higher levels of bankruptcy filings in the quarter in response primarily to a recent bankruptcy law change. In providing for expected future charge-offs due to these events, pretax income for the quarter was reduced by $1.0 million.

Net income for the nine months ended October 31, 2005 increased 35.3% to $28.3 million compared to $20.9 million for the nine months ended October 31, 2004. Diluted earnings per share were $1.17 compared with $0.88 for the first nine months of last year. Total revenues for the nine months ended October 31, 2005 increased 22.6% to $495.8 million compared with $404.4 million for the nine months ended October 31, 2004. This increase in revenue included net sales increases of $83.3 million, or 23.6%, and increases from "Finance charges and other" of $8.1 million, or 15.6%. Same store sales (revenues earned in stores operated for the entirety of both periods) increased 14.4% for the nine months ended October 31, 2005.

During the third quarter, the Company continued its expansion into the Dallas/Fort Worth Metroplex with the opening of a clearance center in Mesquite, Texas, bringing the store count in this market to twelve as of October, 2005. A new store opened in Harlingen, Texas, the first week of August 2005, along with a store opened in San Antonio in November, bring the Company's total store count to 56. In early September, the Company began distributing product in the Dallas/Fort Worth market from its new 150,000 square foot distribution center located between Dallas and Fort Worth in Carrollton, Texas, and is expanding its existing service center in the area to better serve this growing market.

Thomas J. Frank, Conn's Chairman and Chief Executive Officer, said, "This quarter presented us with numerous challenges, but our people met them with uncommon dedication and determination to succeed. The results are a testament to an extraordinary ability to execute and a passion to win. Due to the nature of the events of this quarter, it was necessary to record certain special charges, but we still had a very good quarter."

EPS Guidance

As a result of its performance for the first nine months, the Company is increasing its guidance for the year ending January 31, 2006 of earnings per diluted share from approximately $1.50 to $1.55 to approximately $1.60 to $1.65. Same store sales increases for the year are projected to be in the range of 12% to 15%. The estimate of earnings per diluted share is calculated in accordance with current accounting principles, generally accepted in the United States.

Conference Call Information

Conn's, Inc. will host a conference call and audio webcast today, December 1, 2005 at 10:00 AM, CDT, to discuss financial results for the quarter and nine months ended October 31, 2005. The webcast will be available live at www.conns.com and will be archived for one year. Participants can join the call by dialing (800) 819-9193.

About Conn's, Inc.

The Company is a specialty retailer currently operating 56 retail locations in Texas and Louisiana: eighteen stores in the Houston area, twelve in the Dallas/Fort Worth Metroplex, eight in San Antonio, five in Austin, four in Southeast Texas, one in Corpus Christi, two in South Texas and six stores in Louisiana. It sells major home appliances, including refrigerators, freezers, washers, dryers and ranges, and a variety of consumer electronics, including projection, plasma, DLP and LCD televisions, camcorders, computers and computer peripherals, DVD players, portable audio and home theater products. The Company also sells lawn and garden products and mattresses, and continues to introduce additional product categories for the home to help increase same store sales and to respond to its customers' product needs.

Unlike many of its competitors, the Company provides flexible in-house credit options for its customers. Historically, it has financed, on average, approximately 56% of retail sales. Customer receivables are financed substantially through an asset-backed securitization facility, from which the Company derives servicing fee income and interest income from these assets. The Company transfers receivables, consisting of retail installment contracts and revolving accounts extended to its customers, to a qualifying special purpose entity in exchange for cash and subordinated securities represented by asset-backed and variable funding notes issued to third parties.

This press release contains 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," "should," "anticipate," or "believe," or the negative thereof or variations thereon or similar terminology. Although the Company believes that the expectations reflected in such forward-looking statements will prove to be correct, the Company can give no assurance that such expectations will prove to have been correct. The actual future performance of the Company could differ materially from such statements. Factors that could cause or contribute to such differences include, but are not limited to: the Company's growth strategy and plans regarding opening new stores and entering new markets; the Company's intention to update or expand existing stores; the Company's estimated capital expenditures and costs related to the opening of new stores or the update or expansion of existing stores; the Company's cash flow from operations, borrowings from its revolving line of credit and proceeds from securitizations to fund operations, debt repayment and expansion; growth trends and projected sales in the home appliance and consumer electronics industry and the Company's ability to capitalize on such growth; relationships with the Company's key suppliers; the results of the Company's litigation; interest rates; weather conditions in the Company's markets; changes in the Company's stock price; and the actual number of shares of common stock outstanding. Further information on these risk factors is included in the Company's filings with the Securities and Exchange Commission, including the Company's annual report on Form 10-K filed on April 5, 2005 and current report on Form 8-K filed in connection with this press release. 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 of this press release or to reflect the occurrence of unanticipated events.

Conn's, Inc.
CONDENSED, CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except earnings per share)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2004	2005	2004	2005
Revenues				
Total net sales	$115,121	$153,068	$352,514	$435,851
Finance charges and other	17,789	20,237	51,874	59,992
Total revenues	132,910	173,305	404,388	495,843

Cost and expenses				
Cost of goods sold, including warehousing and occupancy costs	82,523	110,024	253,002	314,520
Cost of parts sold, including warehousing and occupancy costs	1,159	1,334	3,354	3,795
Selling, general and administrative expense	37,738	46,881	110,121	131,063
Provision for bad debts	1,373	929	4,022	2,524
Total cost and expenses	122,793	159,168	370,499	451,902
Operating income	10,117	14,137	33,889	43,941
Interest expense, net	615	74	1,764	488
Income before minority interest and income taxes	9,502	14,063	32,125	43,453
Minority interest in limited partnership	(113)	-	(359)	-
Income before income taxes	9,389	14,063	31,766	43,453
Total provision for income taxes	3,074	4,932	10,888	15,196
Net income	$6,315	$9,131	$20,878	$28,257
Earnings per share				
Basic	$0.27	$0.39	$0.90	$1.21
Diluted	$0.27	$0.38	$0.88	$1.17
Average common shares outstanding				
Basic	23,206	23,458	23,175	23,378
Diluted	23,681	24,286	23,716	24,088

Conn's, Inc.
CONDENSED, CONSOLIDATED BALANCE SHEETS
(in thousands)

	January 31, 2005	October 31, 2005
Assets		
Current assets		
Cash and cash equivalents	$7,027	$36,165
Interests in securitized assets and accounts receivable, net	131,294	142,186
Inventories	62,346	71,636
Deferred income taxes	4,901	6,941
Prepaid expenses and other assets	3,356	3,838
Total current assets	208,924	260,766
Non-current deferred income tax asset	1,523	2,755

Total property and equipment, net	47,710	53,431
Goodwill and other assets, net	9,846	9,891
Total assets	$268,003	$326,843
Liabilities and Stockholders' Equity		
Current liabilities		
Notes payable	$5,500	$-
Current portion of long-term debt	29	11
Accounts payable	26,912	52,931
Accrued expenses	19,883	32,469
Fair value of derivatives	177	-
Other current liabilities	8,349	8,742
Total current liabilities	60,850	94,153
Long-term debt	5,003	-
Non-current deferred income tax liability	704	877
Deferred gain on sale of property	644	518
Total stockholders' equity	200,802	231,295
Total liabilities and stockholders' equity	$268,003	$326,843

Conn's, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Nine Months Ended October 31,	
	2004	2005
Net cash provided by operating activities	$597	$51,852
Cash flows from investing activities		
Purchase of property and equipment	(14,957)	(14,107)
Proceeds from sale of property	1,072	22
Net cash used in investing activities	(13,885)	(14,085)
Cash flows from financing activities		
Net borrowings (payments) under bank credit facilities, debt costs	9,563	(10,630)
Net proceeds from stock issued under employee benefit plans	925	2,022
Payment of promissory notes	(52)	(21)
Net cash provided by (used in) financing activities	10,436	(8,629)
Impact on cash of consolidation of SRDS	284	-
Net change in cash	(2,568)	29,138
Cash and cash equivalents		
Beginning of the year	12,942	7,027
End of period	$10,374	$36,165

CALCULATION OF GROSS MARGIN PERCENTAGE
(dollars in thousands)

	Three Months Ended October 31, 2004	Three Months Ended October 31, 2005	Nine Months Ended October 31, 2004	Nine Months Ended October 31, 2005
Total revenues	$132,910	$173,305	$404,388	$495,843
Less cost of goods and parts sold, including warehousing and occupancy cost	(83,682)	(111,358)	(256,356)	(318,315)
Gross margin dollars	$49,228	$61,947	$148,032	$177,528
Gross margin percentage	37.0%	35.7%	36.6%	35.8%

PORTFOLIO STATISTICS
For the periods ended January 31, 2003, 2004, 2005
and October 31, 2004 and 2005
(dollars in thousands, except average outstanding balance per account)

	1/31/03	1/31/04	1/31/05	10/31/04	10/31/05
Total accounts	285,247	299,717	350,251	331,941	396,506
Total outstanding balance	$303,825	$349,470	$428,700	$400,499	$490,597
Average outstanding balance per account	$1,065	$1,166	$1,224	$1,207	$1,237
60 day delinquency	$16,176	$18,267	$23,143	$21,507	$33,399
Percent delinquency	5.3%	5.2%	5.4%	5.4%	6.8%
Loan loss ratio	3.5%	3.4%	2.9%	3.4%	2.6%

SOURCE: Conn's, Inc.

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