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Conn's, Inc. Provides Business Update Post Hurricane Harvey and Third Quarter Guidance

THE WOODLANDS, Texas, Oct. 23, 2017 (GLOBE NEWSWIRE) -- **Conn's, Inc.** (NASDAQ:CONN), a specialty retailer of furniture and mattresses, home appliances, consumer electronics and home office products, and provider of consumer credit, today provided an update on the impact from Hurricane Harvey and announces financial guidance for the third quarter ended October 31, 2017.

"Conn's has been part of the Texas community for over 125 years, and I am extremely proud that we are helping support our employees, customers, friends, and neighbors as they rebuild from the devastation caused by Hurricane Harvey. Conn's has raised over \$500,000 in donations for impacted employees and local Texas charities," commented Norm Miller, Conn's Chairman, Chief Executive Officer and President. "Current business trends indicate that Hurricane Harvey's impact on third quarter results will be limited, reflecting the resiliency of our business model and the value we provide customers. I remain encouraged by the long-term direction we are headed and continue to anticipate full-year profitability for fiscal year 2018."

Same store sales during August and September were affected by approximately 100 lost selling days and reduced traffic associated with Hurricane Harvey. Beginning in mid-September, Conn's started to experience positive sales trends, as sales within Southeast Texas benefited from rebuilding activities. October's month-to-date same store sales in the markets impacted by Hurricane Harvey are up over 15.0%. In addition, same store sales trends in markets outside of Hurricane Harvey have started to improve as the company fully lapped meaningful underwriting refinements made last fiscal year. October month-to-date same store sales in markets outside Southeast Texas are down approximately -7.0%. As a result, the company expects same store sales for the third quarter of fiscal year 2018 to be down -5.0% to -9.0%.

Retail gross margin remains strong, and for the third quarter of fiscal year 2018 the company anticipates retail gross margin to be between 39.0% and 39.5%. For the third quarter of fiscal year 2018, selling, general and administrative (SG&A) expenses are expected to be between 31.0% and 32.5% of total revenues. SG&A expenses for the third quarter of fiscal year 2018 will include approximately \$1.5 million of one-time hurricane related costs.

The turnaround underway in credit continues and has provided the company with flexibility to withstand Hurricane Harvey's impact on credit results. In addition, the requirement that all in-house credit customers have property insurance has insulated the company's net exposure to credit losses from Hurricane Harvey, as well as provided protection for customers. Provision for bad debts for the third quarter of fiscal year 2018 is expected to be between \$56.0 million and \$61.0 million. Conn's believes this captures the estimated losses associated with loans effected by the storm.

Finance charges and other revenues for the third quarter of fiscal year 2018 are expected to be between \$80.0 million and \$83.0 million, driven by higher interest income, and partially offset by lower insurance-related income as a result of higher claims associated with Hurricane Harvey. Interest expense for the third quarter of fiscal year 2018 is expected to be between \$18.5 million and \$19.3 million.

Conn's will report third quarter financial results in early December.

About Conn's, Inc.

Conn's is a specialty retailer currently operating 116 retail locations in Alabama, Arizona, Colorado, Georgia, Louisiana, Mississippi, Nevada, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia. The Company's primary product categories include:

- | Furniture and mattress, including furniture and related accessories for the living room, dining room and bedroom, as well as both traditional and specialty mattresses;
- | Home appliance, including refrigerators, freezers, washers, dryers, dishwashers and ranges;
- | Consumer electronics, including LED, OLED, Ultra HD, and internet-ready televisions, Blu-ray players, home theater and portable audio equipment; and

| Home office, including computers, printers and accessories

Additionally, Conn's offers a variety of products on a seasonal basis. Unlike many of its competitors, Conn's provides flexible in-house credit options for its customers in addition to third-party financing programs and third-party lease-to-own payment plans.

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