

**Conn's**

**SECOND-QUARTER EARNINGS PRESENTATION  
SEPTEMBER 2, 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.

## Sales Growth / Product Category Contribution

	Same Store Sales <sup>(2)</sup> <u>2Q FY15 / 2Q FY14</u>	Total Sales <u>2Q FY15 / 2Q FY14</u>	Sales Mix <u>2Q FY15</u>	Gross Profit Mix <u>2Q FY15</u>
Furniture and mattress	30.3%	60.6%	30.8%	42.0%
Home appliance	19.4%	32.1%	31.9%	29.2%
Consumer electronics	7.8%	23.6%	26.1%	21.0%
Home office	14.2%	28.6%	9.1%	5.6%
Other <sup>(1)</sup>	(66.5)	(62.4%)	2.1%	2.2%
<b>Product sales</b>	<b>11.8%</b>	<b>29.8%</b>	<b>100.0%</b>	<b>100.0%</b>
Repair service agreement commissions	11.4%	20.8%		
Service	n.a.	9.7%		
<b>Total net sales</b>	<b>11.7%</b>	<b>28.9%</b>		

(1) Other category includes lawn equipment, general accessories, delivery and installation revenues. Lawn equipment sales discontinued at end of FY14.

(2) Same store sales include stores operating in both full periods

## Product Gross Margin Performance by Product Category

	2Q FY15		2Q FY14		Basis Point Change
	<u>Gross Margin</u>	<u>ASP <sup>(1)</sup></u>	<u>Gross Margin</u>	<u>ASP <sup>(1)</sup></u>	<u>Gross Margin</u>
Furniture and mattress	49.3%	\$462	47.0%	\$411	230
Home appliance	33.0%	\$708	30.2%	\$650	280
Consumer electronics	29.0%	\$647	27.5%	\$703	150
Home office	22.0%	\$741	20.1%	\$634	190
Other <sup>(2)</sup>	39.8%	\$62	35.6%	\$162	420
<b>Total product</b>	<b>36.1%</b>	<b>\$496</b>	<b>33.1%</b>	<b>\$491</b>	<b>300</b>

(1) ASP amounts exclude accessory items

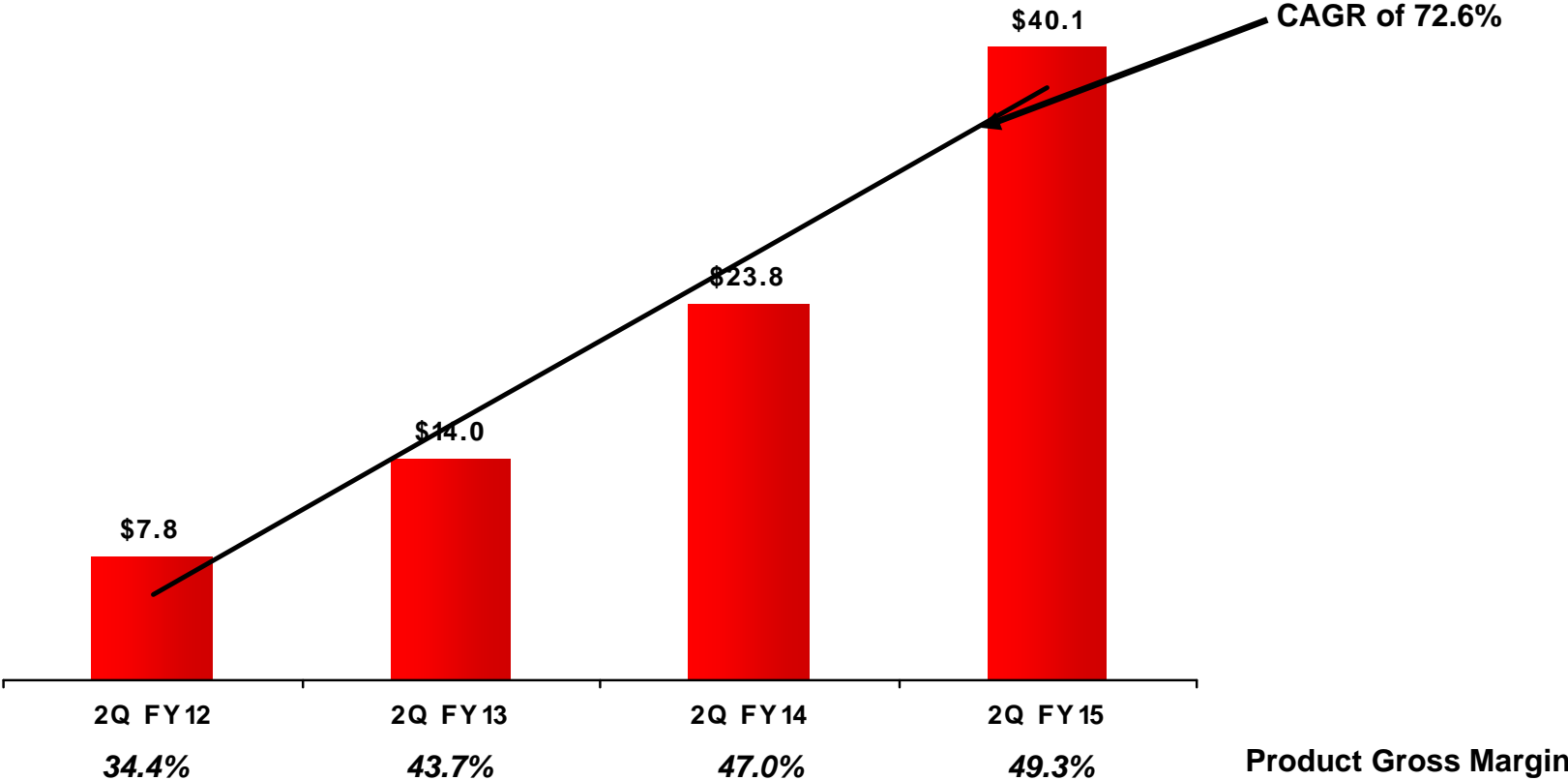
(2) Other category includes delivery, installation and general accessories revenues. Lawn equipment sales discontinued at end of FY14.

# Furniture and Mattress Category

	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>1Q FY15</u>	<u>2Q FY15</u>
<b>All Stores:</b>					
Period-over-period sales increase	30.4%	41.4%	77.4%	64.7%	60.6%
Percentage of total product sales	15.7%	20.4%	26.0%	31.8%	30.8%
Percentage of total gross profit dollars	23.5%	30.5%	36.9%	42.4%	42.0%
<b>Same Stores:</b>					
Period-over-period sales increase	39.9%	43.2%	51.0%	33.2%	30.3%
<b>New Stores:</b>					
Percentage of total product sales			36.1%	40.6%	38.8%

# Four-Year Furniture and Mattress Gross Profit Trend

(\$ in millions)



# Appliance Category

	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>1Q FY15</u>	<u>2Q FY15</u>
<b>All Stores:</b>					
Period-over-period sales increase	0.1%	5.6%	30.0%	33.7%	32.1%
Percentage of total product sales	31.6%	30.7%	28.6%	30.3%	31.9%
Percentage of total gross profit dollars	33.1%	30.8%	27.2%	27.3%	29.2%
<b>Same Stores:</b>					
Period-over-period sales increase	3.3%	10.4%	19.4%	20.5%	19.4%
<b>New Stores:</b>					
Percentage of total product sales			22.7%	25.5%	27.1%

## Appliance Category Payment Method – 2Q FY15

	<b>Payment Method by Category</b>	
	<b>Appliances</b>	<b>All Other</b>
<b>Conn's Credit</b>	68.2%	79.9%
<b>Synchrony Financial <sup>(1)</sup></b>	17.2%	11.0%
<b>Third-Party Rent to Own</b>	3.5%	4.1%
<b>Cash &amp; Credit Card</b>	11.1%	5.0%
	<b>100.0%</b>	<b>100.0%</b>

(1) Formerly known as GE Capital



# New Store Performance

*\$ in thousands, except sales per square foot*

## Average Retail Store Statistics <sup>(1)</sup>

Average Total Sales	\$15,500
EBITDA	\$4,100
EBITDA Margin	26.5%
Average Retail Floor Space	39,000 sq. ft.
Sales per Square Foot	\$400

## Expected Average Investment for New Store

Build-out Cost, Net of Tenant Allowance <sup>(2)</sup>	\$500
Inventory, Net of Payables	\$250
Net Capital Investment	\$750
Pre-opening Expenses	≈\$300
Cash Payback	3 to 6 Months
Year 1 Cash on Cash Return	300%+

## Estimated Longer-Term Capital Needed to Support Receivables

Est. Receivables Balance Generated by Full-Year Sales	\$16,300
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<sup>(1)</sup> Actual results based on average of the 7 new stores open for full 12-months for the quarter ended July 31, 2014

<sup>(2)</sup> Build-out cost, net of tenant allowance was an average of about \$1,000,000 for the 7 new stores shown above



## Retail SG&A Expense Comparison

	% of Retail Sales <u>2Q FY15</u>	% of Retail Sales <u>2Q FY14</u>	Basis Point <u>Change</u>
Advertising	6.8%	4.7%	210
Compensation	14.3%	14.4%	(10)
Other SG&A Expense	<u>7.4%</u>	<u>8.1%</u>	<u>(70)</u>
Retail SG&A Expense	<u>28.5%</u>	<u>27.2%</u>	<u>130</u>
Retail SG&A Expense as % of Retail Gross Profit	69.8%	70.4%	(60)

## 60+ Day Delinquency Rates by Product Category

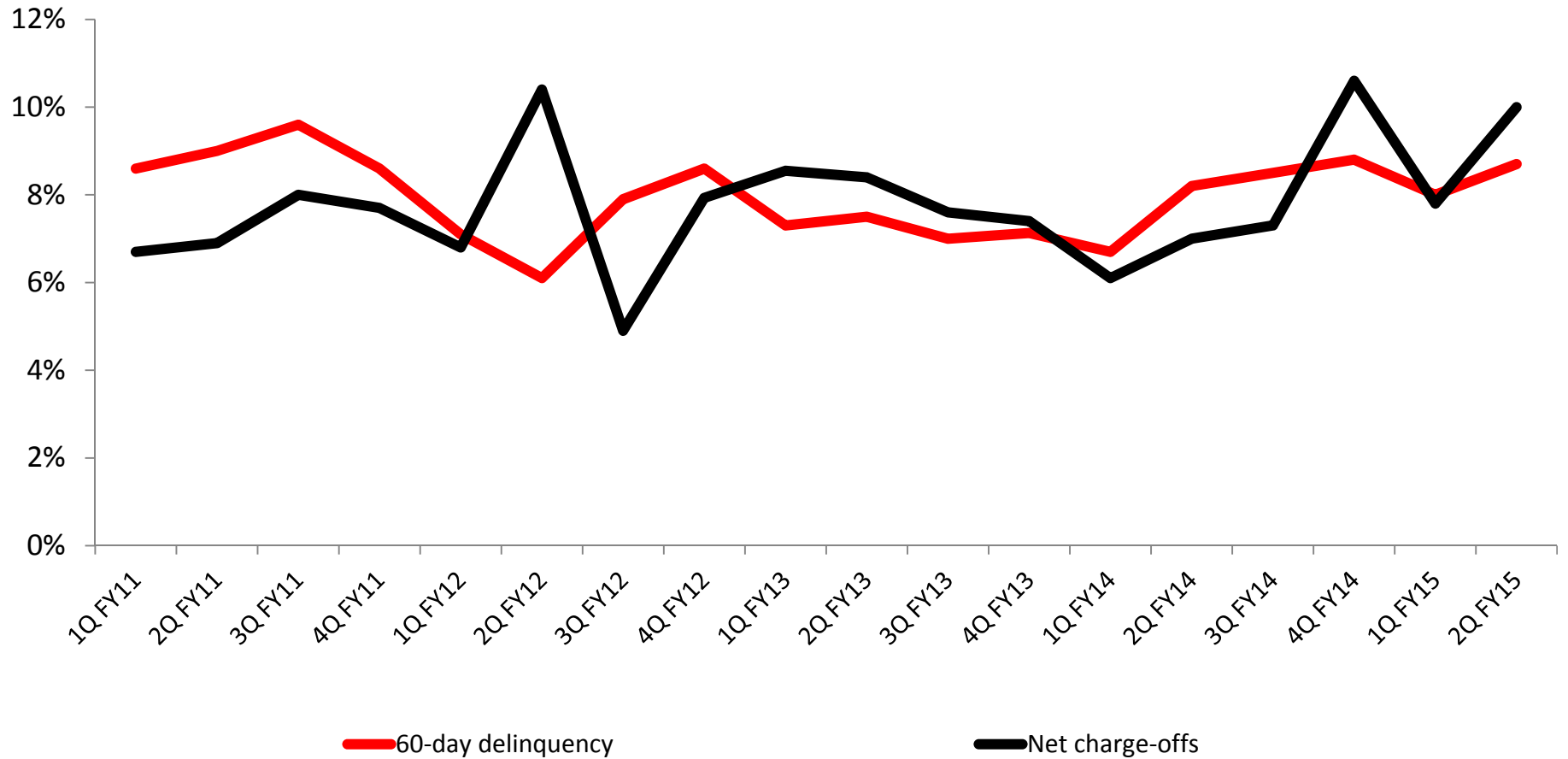
	60+ Day Delinquency Rate as of	
	<u>Apr. 30, 2014</u>	<u>Jul. 31, 2014</u>
Furniture and Mattress	7.1%	7.9%
Home Appliance	5.4%	5.9%
Consumer Electronics	9.0%	9.9%
Home Office	11.2%	12.6%
Total Portfolio	8.0%	8.7%

## Average FICO Score – Portfolio Balance and Originations

	Weighted Average Score of Outstanding Portfolio Balance at Period End	Weighted Average Origination Score of Sales Financed for Period Ended
<b>Fiscal Year Ended:</b>		
Jan. 31, 2010	586	620
Jan. 31, 2011	591	624
Jan. 31, 2012	602	621
Jan. 31, 2013	600	614
Jan. 31, 2014	594	602
<b>Quarter Ended:</b>		
Apr. 30, 2013	596	602
Jul. 31, 2013	595	601
Oct. 31, 2013	591	599
Jan. 31, 2014	594	605
Apr. 30, 2014	591	605
<b>Jul. 31, 2014</b>	<b>592</b>	<b>607</b>

*Note: FICO score averages include only Conn's in-house 'Yes Money' financing and excludes non-scored accounts.*

# Credit Portfolio Trends



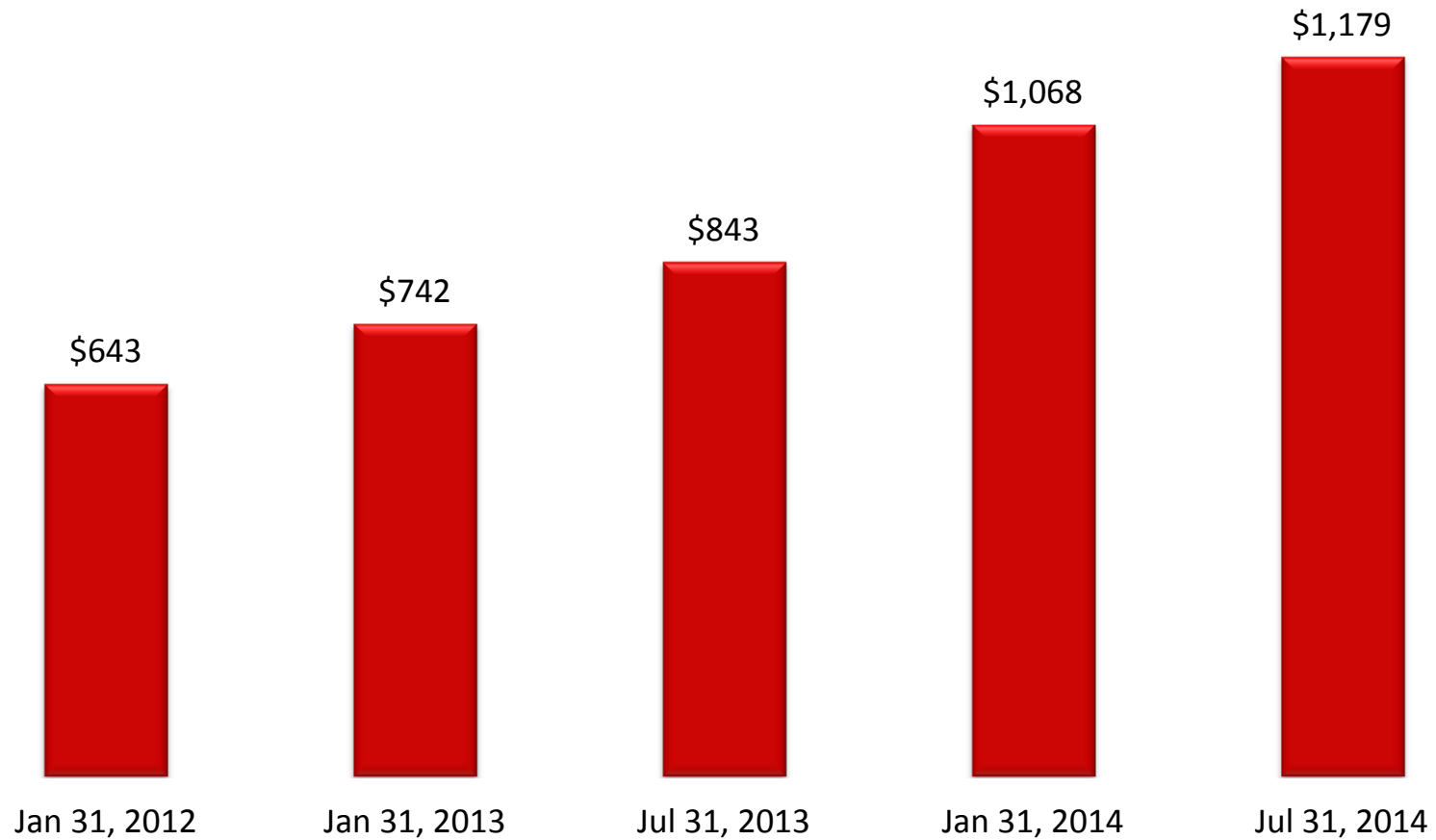
# Valuable Credit Offering for All Consumers

## Percent of Sales Generated by Payment Option

	<u>2Q FY15</u>	<u>2Q FY14</u>
Conn's Credit (including down payment)	77.0%	76.8%
Synchrony Financial <sup>(1)</sup>	13.0%	12.2%
Third-Party Rent to Own	<u>3.9%</u>	<u>2.5%</u>
<b>Total</b>	<b>93.9%</b>	<b>91.5%</b>
Down Payment %	3.6%	3.1%

<sup>(1)</sup> Formerly known as GE Capital

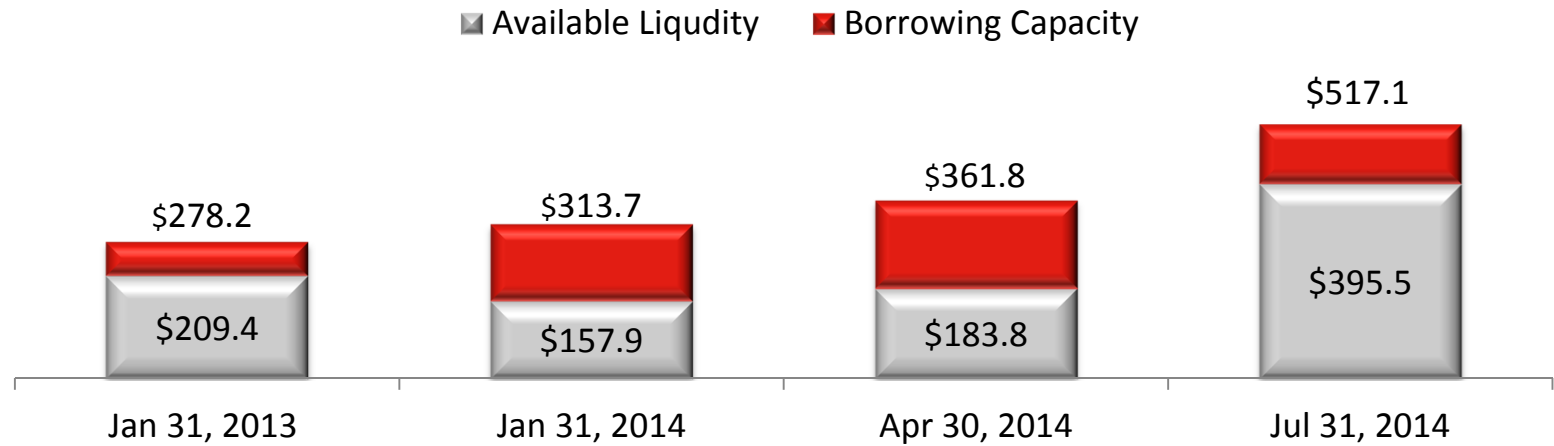
## Customer Receivable Portfolio Balance Trend



(\$ in millions)

# Access to Capital

## Revolving Credit Facility



Debt to Stockholders' Equity:	0.6x	0.9x	0.8x	1.0x
Debt as a % of Portfolio Balance:	40%	50%	47%	52%

(\$ in millions)



# Updated Full-Year FY2015 EPS Guidance

	<u>Full-Year Assumptions</u>
• Same store sales growth <sup>(1)</sup>	5% to 10%
• New store openings	18
• Store closures	10
• Retail gross margin	40.0% to 41.0%
• Credit portfolio interest and fee yield	17.5% to 18.0%
• Provision for bad debts as % average portfolio balance <sup>(2)</sup>	11.0% to 12.0%
• SG&A expense as % of total revenues	28.5% to 29.0%
• Interest expense <sup>(3)</sup>	
• Adjusted diluted EPS	\$2.80 to \$3.00
• Diluted shares outstanding	37.0 million

(1) Same store sales include stores operating in both full periods. Note, lawn equipment sales discontinued at end of FY14.

(2) Based on same store sales and influenced by the level of customer receivables accounted for as troubled debt restructurings.

(3) Updated guidance reflects impact of issuance of \$250.0 million of 7.25% senior unsecured notes on July 1, 2014.



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