



STEPHENS NON-DEAL ROADSHOW PREP PACKET

Conn's (CONN)

January 7, 2021

Conn's (CONN) – Non-Deal Roadshow

Questions/Topics of Discussion

Adjustments Made to Underwriting as a Result of the Pandemic

- Can you talk about the adjustments that were made to the underwriting strategy in reaction to the pandemic? Where did you tighten underwriting standards? Higher initial down payments? Higher credit requirements, etc.?
- Do you plan on easing underwriting requirements and if so when? What economic progress would allow you to feel more comfortable with easing underwriting standards? Have you made any underwriting adjustments since the beginning of the pandemic when you made your original adjustments?

Potential for Permanent Shifts in Business Model

- Is it possible, COVID-19 has brought about a permanent shift in the business model, where Conn's in-house credit will represent a lower % of sales than previously recorded?
- In the most recent quarter, Conn's in house credit represented just 51.5% of the sales mix, down from 66.7%. Lower Conn's penetration reduces finance income, but also reduces risk via future charge-offs and associated provisioning. Is this a better model?

Static Pool Loss Rates

- The F17 and F18 loss rates total 17%. The F19 loss rate is trending higher and the F20 loss rate higher still. How should investors gain comfort around these elevated loss rates and the fact that they are higher sequentially each year?
- What adjustments can be made to reduce the loss rates – recent underwriting changes? Improving recovery capabilities? What is your plan to get these loss rates down?

New Product Categories

- Can you talk about your decision to enter into new product categories including flooring and fitness?
- What gives you confidence Conn's will be successful retailing these products? From what product categories was selling space removed?

Delinquencies / State of Conn's Consumer

- Delinquencies picked up last quarter to 11.5% from 10.1% last year and 10.0% in 2Q. Any reason for the increase?
- What is the state of Conn's consumer? How have they been impacted by COVID-19?
- The bulk of Conn's consumers are receiving stimulus checks. Will they spend it on paying down outstanding loans? Improved delinquency trends? Increased down payments? Increased purchases? General thoughts?

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Stephens CONN Reports:

[F3Q EPS Beat; SSS Drop on Tighter Underwriting; F22 Outlook Improving](#)

Stephens CONN Model:

[Click Here To View The Model](#)

Companies Mentioned (as of 1/6/2021):

CONN – (\$12.61)

Stephens Inc. working model and published research report attached.
For current disclosures on this company, please access the attached research report.

OTHER DISCLOSURES

Note: The purpose of this document is to suggest questions investors might like to ask company management and to help investors develop their own questions. This document is not intended to express any opinion or investment recommendation.

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