

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

---

**FORM 8-K**

---

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934**

**Date of report (Date of earliest event reported): August 6, 2018**

---

**ENCORE CAPITAL GROUP, INC.**

(Exact Name of Registrant as Specified in Charter)

---

**Delaware**  
(State or Other Jurisdiction of Incorporation)

**000-26489**  
(Commission  
File Number)

**48-1090909**  
(IRS Employer  
Identification No.)

**3111 Camino Del Rio North, Suite 103, San Diego, California**  
(Address of Principal Executive Offices)

**92108**  
(Zip Code)

**(877) 445-4581**  
(Registrant's telephone number, including area code)

---

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 1.01. Entry into a Material Definitive Agreement.**

The information disclosed under Item 5.02(b) below is incorporated by reference into this Item 1.01.

**Item 2.02. Results of Operations and Financial Condition.**

On August 8, 2018, Encore Capital Group, Inc. (“Encore”) issued a press release announcing its financial results for the quarter ended June 30, 2018. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference herein.

The information in Item 2.02 of this Current Report on Form 8-K, including the information contained in Exhibit 99.1, is being furnished to the Securities and Exchange Commission pursuant to Item 2.02, and shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by a specific reference in such filing.

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

(b) On August 8, 2018, Encore entered into a Transition Letter with Paul Grinberg, whereby Mr. Grinberg would retire from his position as President, International effective as of January 2, 2019, at which time he would cease his employment with Encore. Pursuant to the Transition Letter, Encore agreed to pay to Mr. Grinberg a transition fee of \$300,000 and his 2018 annual bonus, which remains subject to adjustment by the Compensation Committee based on performance. In addition, Encore agreed to provide for continued vesting on outstanding equity awards for a period of approximately three months from the date of termination. Mr. Grinberg will continue to receive his current base salary and current benefits until he retires. A copy of the Transition Letter is attached hereto as Exhibit 10.1 and is incorporated herein by reference (and the foregoing description is qualified in its entirety by reference to such document).

(d) On August 6, 2018, the Board of Directors (the “Board”) of Encore, upon the recommendation of the Board’s Nominating and Corporate Governance Committee, appointed Rich P. Stovsky (60) as a director. The Board has affirmatively determined that Mr. Stovsky qualifies as an independent director under the Nasdaq listing standards. In addition, Mr. Stovsky was appointed to the Board’s Audit Committee and the Risk and Information Security Committee.

Mr. Stovsky is a Certified Public Accountant and retired from PricewaterhouseCoopers LLP in June 2018. Mr. Stovsky joined PwC in August 1983, and held positions of increasing responsibility, most recently as Vice Chairman.

Consistent with Encore’s compensation program for non-employee directors, for his service as a non-employee director Mr. Stovsky will receive (a) the same annual retainer fees as other non-employee directors and (b) an award of \$50,000 in shares of Encore common stock. A copy of Encore’s press release announcing the appointment of Mr. Stovsky to the Board is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

<u>Exhibit Number</u>	<u>Description</u>
10.1	Transition Letter, dated as of August 8, 2018, by and between Encore Capital Group, Inc and Paul Grinberg
99.1	Press release dated August 8, 2018 announcing Q2 financial results
99.2	Press release dated August 8, 2018 announcing appointment of Richard Stovsky

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ENCORE CAPITAL GROUP, INC.

Date: August 8, 2018

/s/ Jonathan C. Clark

Jonathan C. Clark

Executive Vice President, Chief Financial Officer and Treasurer

## EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
10.1	<a href="#">Transition Letter, dated as of August 8, 2018, by and between Encore Capital Group, Inc and Paul Grinberg</a>
99.1	<a href="#">Press release dated August 8, 2018 announcing Q2 financial results</a>
99.2	<a href="#">Press release dated August 8, 2018 announcing appointment of Richard Stovsky</a>



August 8, 2018

Paul Grinberg  
c/o Encore Capital Group, Inc.  
3111 Camino Del Rio North, Suite 103  
San Diego, California 92108

Dear Paul:

We appreciate your contributions to Encore Capital Group, Inc, a Delaware corporation, and its subsidiaries (collectively, "Encore") and your willingness to serve during the transition period described below. This letter agreement ("Agreement") sets forth the understanding between you and Encore regarding your transition.

1. Your employment with Encore will terminate on January 2, 2019 (the "Termination Date"), subject to Encore's right to terminate you for Cause (as defined in your Severance Protection Letter (as defined below)).
2. From now until the Termination Date (the "Transition Period"), you will continue to be an employee of Encore and will serve as the President, International of Encore and as an officer and director, as applicable, of its subsidiaries and affiliates, and have the powers, duties and responsibilities customarily associated with those positions. During the Transition Period, you will continue to receive your current base salary and current employee benefits, and any outstanding equity awards and cash awards previously granted to you shall continue to vest pursuant to their terms.
3. For your performance in the 2018 year to date and as additional consideration for your service during the Transition Period, you will be entitled to receive the following as compensation (the "Transition Compensation"):
  - a. \$300,000, which will be paid in a cash lump sum, less applicable taxes and withholdings, payable on the first regular payroll date which occurs more than six months following the Termination Date (the "Transition Payment Date").
  - b. A 2018 KCP bonus at the target previously set, subject to adjustment by the Compensation Committee of Encore based upon the completion of your duties and responsibilities as President, International of Encore during the Transition Period in a manner consistent with your service in prior years, which will be paid in a cash lump sum, less applicable taxes and withholdings, payable on the Transition Payment Date.
  - c. Shares underlying outstanding equity awards previously granted to you shall continue to vest as if you were still an employee until March 10, 2019 ("Vesting End Date"), and all unvested shares underlying outstanding equity awards previously granted to you that do not vest during the period from the day after the Termination Date to the Vesting End Date shall be forfeited.
4. You will not be entitled to the Transition Compensation if you are terminated for Cause (as defined in your Severance Protection Letter) prior to the Termination Date.
5. Your right to receive and/or retain the compensation and benefits set forth herein is subject to your execution within 21 days following each of (a) the Termination Date and (b) the Transition

Payment Date, delivery, and non-revocation of a General Release and Waiver of Claims in substantially the form attached as **Exhibit A**.

6. This Agreement does not supersede your rights or responsibilities (including any restrictive covenants) under your severance protection letter agreement dated March 11, 2009, as amended by a letter agreement on January 9, 2013, by a separate letter agreement on January 9, 2013 and by a letter agreement on February 24, 2014 (collectively, "Severance Protection Letter"), and your right to receive and/or retain the compensation and benefits set forth herein is subject to your continued compliance with such rights and responsibilities. This Agreement shall act as your notice pursuant to Section 2(v) of the Severance Protection Letter.
7. You and Encore agree that you will experience a "separation from service" (within the meaning of Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder) from Encore on the Termination Date. Pursuant to the deferral elections previously made by you, shares underlying the Company equity awards granted to you on August 23, 2007 and December 21, 2007 will be settled on the first business day after the end of the six-month period following your separation from service.
8. You and Encore agree that any controversy or claim arising out of or relating to this Agreement (as amended), or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association ("AAA") in accordance with its Employment Arbitration Rules then in effect which are available at [https://www.adr.org/sites/default/files/document\\_repository/EmploymentRules\\_Web.pdf](https://www.adr.org/sites/default/files/document_repository/EmploymentRules_Web.pdf). Venue for any arbitration pursuant to this Agreement will lie in the County of San Diego, California. One of the arbitrators shall be appointed by Encore, one shall be appointed by you and the third shall be appointed by the first two arbitrators. If the first two arbitrators cannot agree on the third arbitrator within 30 days following the appointment of the second arbitrator, then the third arbitrator shall be appointed by AAA. All three arbitrators shall be experienced in the resolution of disputes under employment agreements for senior executives of major corporations. Any award entered by the arbitrators shall be final, binding and non-appealable and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable. The arbitrators shall have no authority to modify any provision of this Agreement or to award a remedy for a dispute involving this Agreement other than a benefit specifically provided under or by virtue of this Agreement. Each party shall be responsible for its own expenses relating to the conduct of the arbitration (including reasonable attorneys' fees and expenses). Encore shall pay the fees of the AAA and the arbitrators, if applicable.
9. Notwithstanding anything in this Agreement to the contrary, nothing contained in this Agreement shall prohibit you from (i) filing a charge with, reporting possible violations of federal law or regulation to, participating in any investigation by, or cooperating with any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation and/or (ii) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to, any federal, state or local government regulator (including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice) for the purpose of reporting or investigating a suspected violation of law, or from providing such information to your attorney or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding. Pursuant to 18 USC Section

1833(b), you will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

10. As of the date hereof, this Agreement sets forth the final and entire agreement of the parties with respect to the subject matter hereto and supersedes all prior agreements, arrangements, communications, representations or warranties, whether oral or written, by Encore and you, or any representation of Encore or you, with respect to the subject matter hereof, except the Severance Protection Letter. This Agreement has been duly authorized by Encore and is a legal and binding obligation of Encore and you, enforceable in accordance with its terms. No provisions of this Agreement may be amended or waived unless agreed to in writing by you and by a duly authorized officer of Encore. All disputes arising under this Agreement will be governed by, and interpreted in accordance with, the laws of the State of California, without regard to its conflict of law provisions.

Sincerely,

/s/ Greg Call  
Greg Call  
EVP, Chief Administrative Officer  
Encore Capital Group, Inc.

Accepted and Agreed:

/s/ Paul Grinberg  
Paul Grinberg  
Date: 8/8/2018

## Exhibit A

### GENERAL RELEASE AND WAIVER OF CLAIMS

TO ALL WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW that:

1. Paul Grinberg (the "**Executive**"), on his or her own behalf and on behalf of his or her descendants, dependents, heirs, executors and administrators and permitted assigns, past and present, in consideration for the amounts payable to the undersigned under that letter agreement dated as of August 8, 2018 (the "**Agreement**"), and for other good and adequate consideration the receipt of which is mutually acknowledged by and between the Executive and Encore Capital Group, Inc. (the "**Company**"), does hereby agree not to bring any claim or pursue any litigation (or file any charge or otherwise correspond with any Federal, state or local administrative agency) against, and waives, releases and discharges the Company, and its respective assigns, affiliates, subsidiaries, parents, predecessors and successors, and the past and present stockholders, employees, officers, directors, members, managers, representatives and agents or any of them (collectively, the "**Company Group**"), from any and all claims, demands, rights, judgments, defenses, actions, charges or causes of action whatsoever, of any and every kind and description, whether known or unknown, accrued or not accrued, that the Executive ever had, now has or shall or may have or assert as of the date of this General Release and Waiver of Claims against any of them, including, without limiting the generality of the foregoing, any claims, demands, rights, judgments, defenses, actions, charges or causes of action related to employment or termination of employment or that arise out of or relate in any way to the Age Discrimination in Employment Act of 1967 ("**ADEA**"), as amended, the Older Workers Benefit Protection Act, Title VII of the Civil Rights Act of 1964, as amended, and other Federal, state and local laws relating to discrimination on the basis of age, sex or other protected class, all claims under Federal, state or local laws for express or implied breach of contract, wrongful discharge, defamation, intentional infliction of emotional distress, and any related claims for attorneys' fees and costs; provided, however, that nothing herein shall release any member of the Company Group from any of its obligations under the Agreement or any rights to indemnification under any charter or by-laws (or similar documents) of any member of the Company Group or your rights under any equity award agreements between you and the Company. The Executive further agrees that this General Release and Waiver of Claims may be pleaded as a full defense to any action, suit or other proceeding covered by the terms hereof which is or may be initiated, prosecuted or maintained by the Executive, his or her heirs or assigns. Notwithstanding the foregoing, the Executive understands and confirms that he is executing this General Release and Waiver of Claims voluntarily and knowingly, and that the same shall not affect the Executive's right to claim otherwise under ADEA. In addition, the Executive shall not be precluded by this General Release and Waiver of Claims from filing a charge with any relevant federal, state or local administrative agency, but the Executive agrees not to participate in, and agrees to waive his or her rights with respect to any monetary or other financial relief arising from any such administrative proceeding.

2. Notwithstanding anything herein to the contrary, the Executive does not release any claims that the law does not permit the Executive to release, including, without limitation, claims under the Family Medical Leave Act, the Fair Labor Standards Act, California Workers' Compensation, California Family Rights Act, and Division 3, Article 2 of the California Labor Code (including indemnification rights).



3. The Company, on its own behalf and on behalf of the Company Group, does hereby agree not to bring any claim or pursue any litigation (or file any charge or otherwise correspond with any federal, state or local administrative agency) against, and waives, releases and discharges the Executive and his or her heirs, successors and assigns, descendants, dependents, executors and administrators, past and present, and any of his or her affiliates and each of them (collectively, the "**Executive Releasees**") from any and all claims, demands, rights, judgments, defenses, actions, charges or causes of action whatsoever, of any and every kind and description, whether known or unknown, accrued or not accrued, that any person or entity of the Company Group ever had, now has or shall or may have or assert as of the date of this General Release and Waiver of Claims against any of them, based on facts known to any executive officer of the Company as of the date of this General Release and Waiver of Claims (other than the Executive), including specifically, but not exclusively and without limiting the generality of the foregoing, any and all claims, demands, agreements, obligations and causes of action arising out of or in any way connected with any transaction, occurrence, act or omission related to Executive's employment by the Company or any of its subsidiaries or the termination of that employment; provided, however, that nothing herein shall release the Executive Releasees from any obligations arising out of or related in any way to the Executive's obligations under the Agreement, the Confidentiality Agreement (as defined in the Severance Protection Letter, as defined in the Agreement) or any agreement governing the terms of any equity award granted to the Executive or impair the right or ability of the Company to enforce the terms thereof.

4. In furtherance of their respective agreements set forth above, each of the Executive and the Company hereby expressly waives and relinquishes any and all rights under any applicable statute, doctrine or principle of law restricting the right of any person to release claims which such person does not know or suspect to exist at the time of executing a release, which claims, if known, may have materially affected such person's decision to give such a release. In connection with such waiver and relinquishment, each of the Executive and the Company acknowledges that it is aware that it may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those which it now knows or believes to be true, with respect to the matters released herein. Nevertheless, it is the intention of each of the Executive and the Company to fully, finally and forever release all such matters, and all claims relative thereto which now exist, may exist or theretofore have existed, as specifically provided herein. The parties hereto acknowledge and agree that this waiver shall be an essential and material term of the release contained above. In addition, and not by way of limitation to the foregoing, each of the Executive and the Company fully understands and knowingly and expressly waives its rights and benefits under Section 1542 of the California Civil Code or under any similar provision of law. Section 1542 of the California Civil Code states that:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE [EXECUTIVE] DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH [THE COMPANY].**

Nothing in this paragraph is intended to expand the scope of the release as specified herein.

5. This General Release and Waiver of Claims shall be governed by and construed in accordance with the laws of the State of California, without regard to its conflict of law provisions.

6. To the extent that the Executive is forty (40) years of age or older, this paragraph shall apply. The Executive acknowledges that Executive is waiving and releasing any rights he or she may have under the ADEA and that this General Release and Waiver of Claims is entered into knowingly and voluntarily. The Executive acknowledges that this General Release and Waiver of Claims does not

apply to any rights or claims that may arise under the ADEA after the date of this General Release and Waiver of Claims. The Executive acknowledges that the consideration given for this General Release and Waiver of Claims is in addition to anything of value to which Executive was already entitled. Executive further acknowledges that the Executive has been advised by this writing as required by the ADEA that:

- (a) the Executive has the right to and is advised to consult with an attorney prior to executing this General Release and Waiver of Claims;
- (b) the Executive has up to twenty-one (21) days within which to consider this General Release and Waiver of Claims (although Executive may choose to execute this General Release and Waiver of Claims earlier);
- (c) the Executive has seven (7) days following the execution of this General Release and Waiver of Claims to revoke; and
- (d) This General Release and Waiver of Claims and the Executive's right to receive payments or other benefits payable by the Company pursuant to the Agreement shall not be effective until the revocation period has expired.

In order to cancel or revoke this General Release and Waiver of Claims, the Executive must deliver to the General Counsel of the Company written notice stating that the Executive is canceling or revoking this General Release and Waiver of Claims. If this General Release and Waiver of Claims is timely cancelled or revoked, none of the provisions of this General Release and Waiver of Claims shall be effective or enforceable and the Company shall not be obligated to make the payments to the Executive under the Agreement or to provide the Executive with the other benefits described in this General Release and Waiver of Claims, and all contracts and provisions modified, relinquished or rescinded hereunder shall be reinstated to the extent in effect immediately prior hereto.

7. Each of the Executive and the Company acknowledge that they have entered into this General Release and Waiver of Claims knowingly and willingly and has had ample opportunity to consider the terms and provisions of this General Release.

IN WITNESS WHEREOF, the parties hereto have caused this General Release and Waiver of Claims to be executed on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

---

Paul Grinberg

Encore Capital Group, Inc.

---

By:  
Title:

## Encore Capital Group Announces Second Quarter 2018 Financial Results

- *Encore sets new records for portfolio purchases, collections, revenues and estimated remaining collections*
- *GAAP EPS from continuing operations increases 30% to \$1.00 per share*
- *Non-GAAP Economic EPS from continuing operations increases 51% to \$1.33 per share*

**SAN DIEGO, August 8, 2018** -- Encore Capital Group, Inc. (NASDAQ: ECPG), an international specialty finance company providing debt recovery solutions for consumers across a broad range of assets, today reported consolidated financial results for the second quarter ended June 30, 2018.

“The second quarter for Encore was a period of strong financial and operational performance as our global business generated record levels of portfolio purchases, collections, revenues, and estimated remaining collections. Our strong collections were helped by our operational innovation and the additional collections capacity we’ve been adding steadily around the world. We deployed more capital through portfolio purchases from U.S. banks in the second quarter than in any prior period as the supply of charged-off credit card debt continues to grow,” said Ashish Masih, President and Chief Executive Officer. “Our recent completion of the Cabot transaction is a transformational event for Encore and establishes us as a clear leader in both the United States and in the United Kingdom, the world’s two largest markets for our industry. We view Cabot as the best platform for long-term leadership and growth in Europe due to its geographic and product diversity, and the breadth of its capital lite servicing capabilities.”

Encore also announced that Paul Grinberg, President, International, has decided to retire at the end of 2018 after a distinguished 14-year career with the company. Previously, Mr. Grinberg served as Encore’s Executive Vice President and Chief Financial Officer.

“The fact that we now have operations and investments around the world is largely based on Paul’s vision and passion, and that diversity has made our company stronger in many ways,” said Mr. Masih. “As our previous CFO, he also oversaw an era of significant growth for Encore and enhanced our presence in the investment community. Paul has left an indelible mark on this company. I am grateful for his service and wish him all the best in his retirement.”

Effective immediately, Ken Stannard, CEO of Cabot, will assume responsibility for all European businesses of Encore. Prior to becoming CEO of the Cabot Credit Management Group in February 2014, Mr. Stannard led Marlin Financial Services through its acquisition by Cabot. Before his time at Marlin, Mr. Stannard was Director of Credit Cards at Lloyds Banking Group, Managing Director at Capital One UK, and Head of European Operations at American Express.

“Ken is a strong leader with more than 20 years of experience in the European Financial Services industry. Ken has successfully guided Cabot’s growth and its geographic, product and servicing expansion, and as we look to the future, I am confident that he is the ideal choice to direct and manage Encore’s interests in Europe,” said Mr. Masih.

### Key Financial Metrics for the Second Quarter of 2018:

- Estimated remaining collections (ERC) grew 15% compared to the same period of the prior year, to a record \$7.2 billion.
- Deployments were a record \$360 million, excluding periods in which portfolios associated with platform acquisitions were acquired. Deployments included \$203 million in the U.S. and \$147 million in Europe, compared to \$246 million deployed overall in the same period a year ago.

- Gross collections grew 11% to a record \$496 million, compared to \$446 million in the same period of the prior year.
- Total revenues, adjusted by net allowance reversals, were a record \$350 million, compared to \$291 million in the second quarter of 2017.
- Total operating expenses were \$246 million, compared to \$210 million in the same period of the prior year. Incremental operating expenses in the second quarter of 2018 included expenses associated with Wescot, acquired by Encore's Cabot subsidiary during the fourth quarter of 2017, as well as spending related to collections capacity expansion in the U.S. Adjusted operating expenses, which represent the expenses related to our portfolio purchasing and recovery business, increased 3% to \$186 million, compared to \$180 million in the same period of the prior year.
- Total interest expense increased to \$60.5 million, compared to \$50.5 million in the same period of the prior year, principally as a result of increases in the cost of short-term borrowing and higher average debt balances related to larger investments in receivables.
- GAAP net income attributable to Encore was \$26.3 million, or \$1.00 per fully diluted share, as compared to \$20.3 million, or \$0.77 per fully diluted share in the same period a year ago.
- Adjusted income attributable to Encore was \$35.1 million, compared to \$22.9 million in the second quarter of 2017.
- Adjusted income attributable to Encore per share (also referred to as Economic EPS) was \$1.33, compared to \$0.88 in the same period of the prior year.
- Available capacity under Encore's domestic revolving credit facility, after taking into account borrowing base and applicable debt covenants, was \$243 million as of June 30, 2018.

### **Conference Call and Webcast**

Encore will host a conference call and slide presentation today, August 8, 2018, at 2:00 p.m. Pacific / 5:00 p.m. Eastern time, to present and discuss second quarter results.

Members of the public are invited to access the live webcast via the Internet by logging on at the Investor Relations page of Encore's website at [www.encorecapital.com](http://www.encorecapital.com). To access the live, listen-only telephone conference portion, please dial (855) 541-0982 or (704) 288-0606.

For those who cannot listen to the live broadcast, a telephonic replay will be available for seven days by dialing (800) 585-8367 or (404) 537-3406 and entering the conference number 2279697. A replay of the webcast will also be available shortly after the call on the Company's website.

## Non-GAAP Financial Measures

This news release includes certain financial measures that exclude the impact of certain items and therefore have not been calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). The Company has included adjusted income attributable to Encore and adjusted income attributable to Encore per share (also referred to as economic EPS when adjusted for certain shares associated with our convertible notes that will not be issued but are reflected in the fully diluted share count for accounting purposes) because management uses this measure to assess operating performance, in order to highlight trends in the Company's business that may not otherwise be apparent when relying on financial measures calculated in accordance with GAAP. The Company has included information concerning adjusted operating expenses in order to facilitate a comparison of approximate cash costs to cash collections for the portfolio purchasing and recovery business in the periods presented. Adjusted income attributable to Encore, adjusted income attributable to Encore per share/economic EPS, and adjusted operating expenses have not been prepared in accordance with GAAP. These non-GAAP financial measures should not be considered as alternatives to, or more meaningful than, net income, net income per share, and total operating expenses as indicators of the Company's operating performance. Further, these non-GAAP financial measures, as presented by the Company, may not be comparable to similarly titled measures reported by other companies. The Company has attached to this news release a reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures.

## About Encore Capital Group, Inc.

Encore Capital Group is an international specialty finance company that provides debt recovery solutions for consumers across a broad range of assets. Through its subsidiaries, Encore purchases portfolios of consumer receivables from major banks and credit unions.

Encore partners with individuals as they repay their obligations, helping them on the road to financial recovery and ultimately improving their economic well-being. Encore is the first and only company of its kind to operate with a Consumer Bill of Rights that provides industry-leading commitments to consumers. Headquartered in San Diego, the company is a publicly traded NASDAQ Global Select company (ticker symbol: ECPG) and a component stock of the Russell 2000, the S&P Small Cap 600 and the Wilshire 4500. More information about Encore can be found at <http://www.encorecapital.com>. More information about the Company's Cabot Credit Management subsidiary can be found at <http://www.cabotcm.com>. Information found on the Company's website or Cabot's website is not incorporated by reference.

## Forward Looking Statements

*The statements in this press release that are not historical facts, including, most importantly, those statements preceded by, or that include, the words "will," "may," "believe," "projects," "expects," "anticipates" or the negation thereof, or similar expressions, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). These statements may include, but are not limited to, statements regarding our future operating results, performance, business plans or prospects. For all "forward-looking statements," the Company claims the protection of the safe harbor for forward-looking statements contained in the Reform Act. Such forward-looking statements involve risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company and its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks, uncertainties and other factors are discussed in the reports filed by the Company with the Securities and Exchange Commission, including the most recent reports on Forms 10-K and 10-Q, as they may be amended from time to time. The Company disclaims any intent or obligation to update these forward-looking statements.*

**Contact:**

Bruce Thomas  
Vice President, Investor Relations  
Encore Capital Group, Inc.  
(858) 309-6442  
[bruce.thomas@encorecapital.com](mailto:bruce.thomas@encorecapital.com)

**FINANCIAL TABLES FOLLOW**

**ENCORE CAPITAL GROUP, INC.**  
**Condensed Consolidated Statements of Financial Condition**  
(In Thousands, Except Par Value Amounts)  
(Unaudited)

	June 30, 2018	December 31, 2017
<b>Assets</b>		
Cash and cash equivalents	\$ 181,657	\$ 212,139
Investment in receivable portfolios, net	3,084,621	2,890,613
Deferred court costs, net	90,872	79,963
Property and equipment, net	89,071	76,276
Other assets	250,923	302,728
Goodwill	909,063	928,993
Total assets	<u>\$ 4,606,207</u>	<u>\$ 4,490,712</u>
<b>Liabilities and Equity</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 286,386	\$ 284,774
Debt, net	3,530,415	3,446,876
Other liabilities	37,732	35,151
Total liabilities	<u>3,854,533</u>	<u>3,766,801</u>
Commitments and contingencies		
Redeemable noncontrolling interest	136,188	151,978
Equity:		
Convertible preferred stock, \$.01 par value, 5,000 shares authorized, no shares issued and outstanding	—	—
Common stock, \$.01 par value, 50,000 shares authorized, 25,931 shares and 25,801 shares issued and outstanding as of June 30, 2018 and December 31, 2017, respectively	259	258
Additional paid-in capital	68,820	42,646
Accumulated earnings	652,428	616,314
Accumulated other comprehensive loss	(96,900)	(77,356)
Total Encore Capital Group, Inc. stockholders' equity	<u>624,607</u>	<u>581,862</u>
Noncontrolling interest	(9,121)	(9,929)
Total equity	<u>615,486</u>	<u>571,933</u>
Total liabilities, redeemable equity and equity	<u>\$ 4,606,207</u>	<u>\$ 4,490,712</u>

The following table includes assets that can only be used to settle the liabilities of the Company's consolidated variable interest entities ("VIEs") and the creditors of the VIEs have no recourse to the Company. These assets and liabilities are included in the consolidated statements of financial condition above.

	June 30, 2018	December 31, 2017
<b>Assets</b>		
Cash and cash equivalents	\$ 79,732	\$ 88,902
Investment in receivable portfolios, net	1,438,379	1,342,300
Deferred court costs, net	29,164	26,482
Property and equipment, net	22,152	23,138
Other assets	119,254	122,263
Goodwill	705,381	724,054
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 137,308	\$ 151,208
Debt, net	2,055,766	2,014,202
Other liabilities	—	1,494

**ENCORE CAPITAL GROUP, INC.**  
**Condensed Consolidated Statements of Operations**  
(In Thousands, Except Per Share Amounts)  
(Unaudited)

	Three Months Ended June 30,	
	2018	2017
<b>Revenues</b>		
Revenue from receivable portfolios	\$ 292,662	\$ 263,407
Other revenues	39,453	18,681
Total revenues	332,115	282,088
Allowance reversals on receivable portfolios, net	17,632	8,829
Total revenues, adjusted by net allowances	349,747	290,917
<b>Operating expenses</b>		
Salaries and employee benefits	90,960	75,786
Cost of legal collections	51,255	53,409
Other operating expenses	39,039	24,030
Collection agency commissions	12,151	11,494
General and administrative expenses	41,986	36,932
Depreciation and amortization	10,923	8,672
Total operating expenses	246,314	210,323
Income from operations	103,433	80,594
<b>Other (expense) income</b>		
Interest expense	(60,536)	(50,516)
Other (expense) income	(4,615)	2,529
Total other expense	(65,151)	(47,987)
Income from continuing operations before income taxes	38,282	32,607
Provision for income taxes	(11,308)	(13,531)
Net income	26,974	19,076
Net (income) loss attributable to noncontrolling interest	(676)	1,179
Net income attributable to Encore Capital Group, Inc. stockholders	\$ 26,298	\$ 20,255
<b>Earnings per share attributable to Encore Capital Group, Inc.:</b>		
Basic	\$ 1.01	\$ 0.78
Diluted	\$ 1.00	\$ 0.77
<b>Weighted average shares outstanding:</b>		
Basic	26,150	25,983
Diluted	26,409	26,391



**ENCORE CAPITAL GROUP, INC.**  
**Condensed Consolidated Statements of Cash Flows**  
(Unaudited, In Thousands)

	Six Months Ended June 30,	
	2018	2017
<b>Operating activities:</b>		
Net income	\$ 50,687	\$ 34,055
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss from discontinued operations, net of income taxes	—	199
Depreciation and amortization	21,359	17,297
Other non-cash expense, net	14,797	21,309
Stock-based compensation expense	5,445	3,510
Loss (gain) on derivative instruments, net	8,656	(2,623)
Deferred income taxes	8,256	(3,164)
Allowance reversals on receivable portfolios, net	(27,443)	(10,961)
Changes in operating assets and liabilities		
Deferred court costs and other assets	(13,366)	(5,951)
Prepaid income tax and income taxes payable	22,550	20,389
Accounts payable, accrued liabilities and other liabilities	6,686	(2,770)
Net cash provided by operating activities	97,627	71,290
<b>Investing activities:</b>		
Cash paid for acquisitions, net of cash acquired	—	(5,623)
Purchases of receivable portfolios, net of put-backs	(633,040)	(464,507)
Collections applied to investment in receivable portfolios, net	415,174	371,285
Purchases of property and equipment	(24,655)	(11,984)
Payments to acquire interest in affiliates	—	(8,805)
Other, net	1,634	4,559
Net cash used in investing activities	(240,887)	(115,075)
<b>Financing activities:</b>		
Payment of loan costs	(1,387)	(3,415)
Proceeds from credit facilities	425,650	331,020
Repayment of credit facilities	(292,430)	(373,345)
Repayment of senior secured notes	(1,029)	(6,174)
Proceeds from issuance of convertible senior notes	—	150,000
Repayment of convertible senior notes	—	(60,406)
Proceeds from convertible hedge instruments	—	5,580
Taxes paid related to net share settlement of equity awards	(2,651)	(2,457)
Other, net	(7,118)	(4,954)
Net cash provided by financing activities	121,035	35,849
Net decrease in cash and cash equivalents	(22,225)	(7,936)
Effect of exchange rate changes on cash and cash equivalents	(8,257)	4,818
Cash and cash equivalents, beginning of period	212,139	149,765
Cash and cash equivalents, end of period	\$ 181,657	\$ 146,647

**ENCORE CAPITAL GROUP, INC.**

Supplemental Financial Information

Reconciliation of Adjusted Income Attributable to Encore to GAAP Net Income Attributable to Encore and Adjusted Operating Expenses Related to Portfolio Purchasing and Recovery Business to GAAP Total Operating Expenses  
(In Thousands, Except Per Share amounts) (Unaudited)

	Three Months Ended June 30,				
	2018		2017		
	\$	Per Diluted Share— Accounting and Economic	\$	Per Diluted Share— Accounting	Per Diluted Share— Economic
GAAP net income attributable to Encore, as reported	\$ 26,298	\$ 1.00	\$ 20,255	\$ 0.77	\$ 0.77
Adjustments:					
Convertible notes non-cash interest and issuance cost amortization	3,070	0.12	3,078	0.12	0.12
Acquisition, integration and restructuring related expenses <sup>(1)</sup>	3,655	0.14	3,520	0.13	0.14
Gain on fair value adjustments to contingent consideration <sup>(2)</sup>	(2,378)	(0.09)	(2,773)	(0.10)	(0.10)
Amortization of certain acquired intangible assets <sup>(3)</sup>	2,436	0.09	588	0.02	0.02
Loss on derivatives in connection with the Cabot Transaction <sup>(4)</sup>	6,578	0.25	—	—	—
Income tax effect of the adjustments <sup>(5)</sup>	(4,618)	(0.18)	(943)	(0.04)	(0.04)
Adjustments attributable to noncontrolling interest <sup>(6)</sup>	10	—	(812)	(0.03)	(0.03)
Adjusted income attributable to Encore	\$ 35,051	\$ 1.33	\$ 22,913	\$ 0.87	\$ 0.88

- (1) Amount represents acquisition, integration and restructuring related expenses. We adjust for this amount because we believe these expenses are not indicative of ongoing operations; therefore adjusting for these expenses enhances comparability to prior periods, anticipated future periods, and our competitors' results.
- (2) Amount represents the net gain recognized as a result of fair value adjustments to contingent considerations that were established for our acquisitions of debt solution service providers in Europe. We have adjusted for this amount because we do not believe this is indicative of ongoing operations.
- (3) As we continue to acquire debt solution service providers around the world, the acquired intangible assets, such as trade names and customer relationships, have grown substantially. These intangible assets are valued at the time of the acquisition and amortized over their estimated lives. We believe that amortization of acquisition-related intangible assets, especially the amortization of an acquired company's trade names and customer relationships, is the result of pre-acquisition activities. In addition, the amortization of these acquired intangibles is a non-cash static expense that is not affected by operations during any reporting period. As a result, the amortization of certain acquired intangible assets is excluded from our adjusted income from continuing operations attributable to Encore and adjusted income from continuing operations per share.
- (4) Amount represents the loss recognized on the forward contract we entered into in anticipation of the completion of the Cabot Transaction. We adjust for this amount because we believe the loss is not indicative of ongoing operations; therefore adjusting for this loss enhances comparability to prior periods, anticipated future periods, and our competitors' results.
- (5) Amount represents the total income tax effect of the adjustments, which is generally calculated based on the applicable marginal tax rate of the jurisdiction in which the portion of the adjustment occurred.
- (6) Certain of the above pre-tax adjustments include expenses recognized by our partially-owned subsidiaries. This adjustment represents the portion of the non-GAAP adjustments that are attributable to noncontrolling interest.

	Three Months Ended June 30,	
	2018	2017
GAAP total operating expenses, as reported	\$ 246,314	\$ 210,323
Adjustments:		
Operating expenses related to non-portfolio purchasing and recovery business <sup>(1)</sup>	(56,052)	(26,984)
Acquisition, integration and restructuring related expenses <sup>(2)</sup>	(3,655)	(3,520)
Stock-based compensation expense	(3,169)	(2,760)
Gain on fair value adjustments to contingent consideration <sup>(3)</sup>	2,378	2,773
Adjusted operating expenses related to portfolio purchasing and recovery business	<u>\$ 185,816</u>	<u>\$ 179,832</u>

- (1) Operating expenses related to non-portfolio purchasing and recovery business include operating expenses from other operating segments that primarily engage in fee-based business, as well as corporate overhead not related to our portfolio purchasing and recovery business.
- (2) Amount represents acquisition, integration and restructuring related operating expenses. We adjust for this amount because we believe these expenses are not indicative of ongoing operations; therefore adjusting for these expenses enhances comparability to prior periods, anticipated future periods, and our competitors' results.
- (3) Amount represents the gain recognized as a result of fair value adjustments to contingent considerations that were established for our acquisitions of debt solution service providers in Europe. We have adjusted for this amount because we do not believe this is indicative of ongoing operations.

## Encore Capital Group Appoints Richard Stovsky to its Board of Directors

**SAN DIEGO, August 8, 2018** -- Encore Capital Group, Inc. (NASDAQ: ECPG), an international specialty finance company, announced today the appointment of Richard Stovsky as a new member of its board of directors. Mr. Stovsky will serve on Encore's Audit Committee and Risk and Information Security Committee.

Mr. Stovsky recently retired from PricewaterhouseCoopers LLP. He joined PwC in 1983 and served in positions of increasing responsibility, most recently as Vice Chairman.

"We are delighted Rich has agreed to join our Board as he has a wealth of experience in dealing with complex financial, accounting and tax issues. He complements the Board well and allows for us to continually raise the bar in terms of best in class governance on behalf of our shareholders," said Michael Monaco, Chairman of the Board.

Ashish Masih, President and CEO of Encore, added "Rich brings over 30 years of experience as a business and tax adviser to public companies in a variety of industries, which will be invaluable to Encore. We look forward to his insight and contributions to the Board."

Mr. Stovsky is a Certified Public Accountant, a graduate of The Ohio State University and the Cleveland Marshall College of Law, an active member in his community and a member of various not for profit boards and organizations in Cleveland.

### About Encore Capital Group, Inc.

Encore Capital Group is an international specialty finance company that provides debt recovery solutions for consumers across a broad range of assets. Through its subsidiaries, Encore purchases portfolios of consumer receivables from major banks and credit unions.

Encore partners with individuals as they repay their obligations, helping them on the road to financial recovery and ultimately improving their economic well-being. Encore is the first and only company of its kind to operate with a Consumer Bill of Rights that provides industry-leading commitments to consumers. Headquartered in San Diego, the company is a publicly traded NASDAQ Global Select company (ticker symbol: ECPG) and a component stock of the Russell 2000, the S&P Small Cap 600 and the Wilshire 4500. More information about Encore can be found at <http://www.encorecapital.com>. More information about the Company's Cabot Credit Management subsidiary can be found at <http://www.cabotcm.com>. Information found on the Company's website or Cabot's website is not incorporated by reference.

### Contact:

Bruce Thomas  
Vice President, Investor Relations  
Encore Capital Group, Inc.  
(858) 309-6442  
[bruce.thomas@encorecapital.com](mailto:bruce.thomas@encorecapital.com)