



Encore Capital Group, Inc.

Q3 2014 EARNINGS CALL

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

The statements in this presentation 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, earnings per share, and growth. 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 its most recent report on Form 10-K, and its subsequent reports on Form 10-Q, each as it may be amended from time to time. The Company disclaims any intent or obligation to update these forward-looking statements.



ENCORE DELIVERED RECORD QUARTERLY EARNINGS PER SHARE

GAAP EPS*	Economic EPS**	Collections
\$1.11	\$1.17	\$407 million
GAAP Net Income*	Adjusted Income**	Adjusted EBITDA**
\$30 million	\$31 million	\$252 million
		Cost to Collect***
		38.9%

Estimated Remaining Collections of \$5.1 billion

* Attributable to Encore

** Please refer to Appendix for reconciliation of Economic EPS, Adjusted EBITDA, and Adjusted Income to GAAP

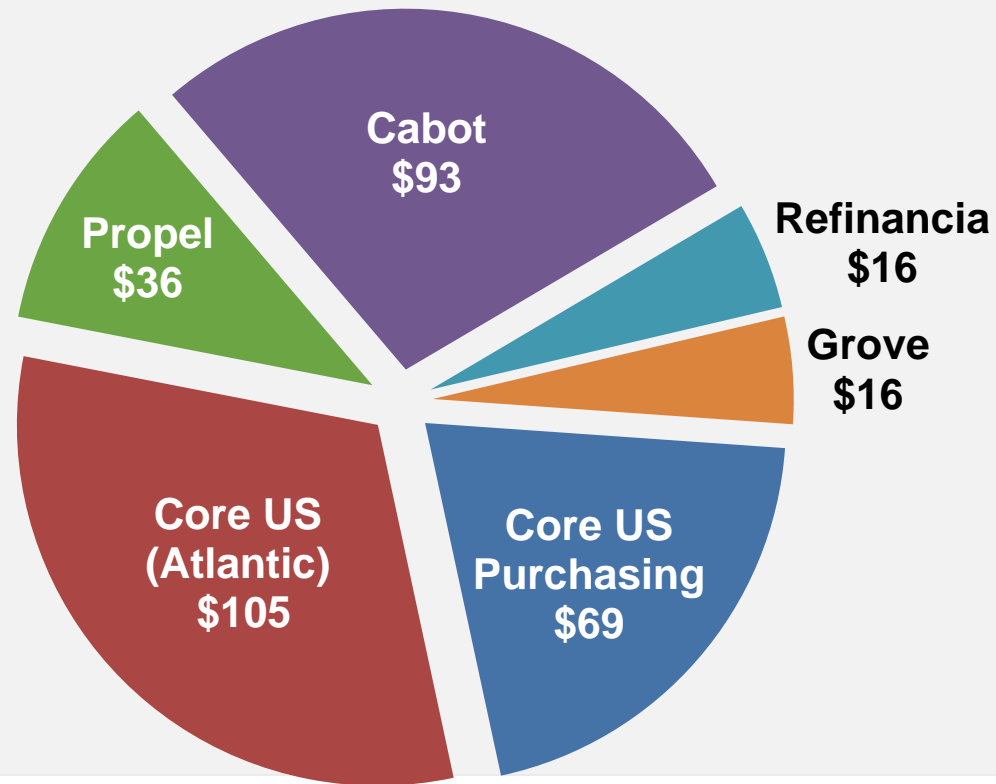
*** Cost to Collect is Adjusted Operating Expenses / Dollars collected. See Appendix for reconciliation of Adjusted Operating Expenses to GAAP

Note: All figures include Cabot Credit Management UK results unless otherwise indicated

Q3 DEPLOYMENTS REFLECT A DIVERSE GLOBAL BUSINESS

Q3-2014 Deployments

\$M



Total \$336

OUR DIVERSIFICATION ALLOWS US TO OPERATE IN SEVERAL DISTINCT MARKETS

Current Market Conditions

US Core Market

- Pricing remains steady, even moderating in some instances
- Supply moderate in Q4
- Two large issuers remain on the sidelines

UK Core Market

- Pricing remains competitive, but rational
- Supply seasonally stronger in back half of the year
- Buyer consolidation continues

UK IVA* Market and Spain

- IVA supply traditionally lumpy in the back half of the year
- Some supply pushed into 2015
- Strong opportunity pipeline in Spain

* Individual Voluntary Arrangements

Colombia & Peru Market

- Healthy pricing environment
- Supply remains consistent
- New sellers entering market
- Interesting expansion opportunities in Latin America

OUR GROWTH STRATEGY IS TAILORED TO ADDRESS THE EVOLVING DYNAMICS OF OUR MARKETS

Encore Growth Strategy

1

Continue to Invest In Core Businesses

- **Core Business**
 - Core cards direct
 - Atlantic
 - Resale
 - Bankruptcy
- **Tax Lien Business**
 - Propel

2

Expand Into New Geographies

- **Existing**
 - Cabot/Marlin
 - Grove
 - Refinancia
- **New**
 - India
 - Europe
 - Latin America
 - Australia
 - Others

3

Explore Business Model Adjacencies and Expansion

- **M&A opportunities in related spaces**
 - Tax Liens
 - Debt Servicing
 - Others
- **New debt verticals**
 - Government
 - Medical
 - Others
- **Funding and incubation of lending businesses**

WE HAVE CONTINUED TO LEAD THE CONSOLIDATION OF OUR INDUSTRY IN THE U.S.

- ▶ Attractive consolidation target
- ▶ Satisfies a significant portion of our purchasing target for 2014
- ▶ Expands market for future capital deployment

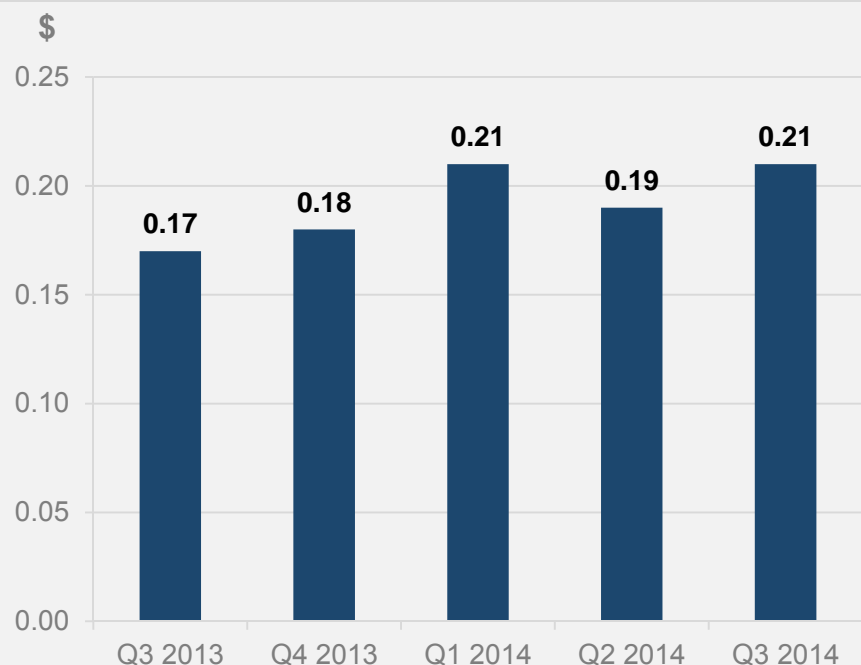


Investment Rationale

Attractive Consolidation Partner	<ul style="list-style-type: none">• ACF specializes in high balance, recently charged-off (“fresh”) paper• Strong liquidation rates result from specialized approach and experienced staff• Long-standing relationship provides familiarity with successful strategy and operation
Additional ERC	<ul style="list-style-type: none">• Transaction includes ACF portfolio with ERC of approximately \$275 million
Expanded Market for Future Capital Deployment	<ul style="list-style-type: none">• Encore has historically specialized in collecting on older paper• With ACF, Encore to place higher priority on fresh paper opportunities

CABOT REMAINS A SOLID CONTRIBUTOR TO OVERALL EARNINGS - MARLIN INTEGRATION REMAINS ON TRACK

Cabot's Economic EPS Impact



Cabot Update

- ▶ Cabot deployed \$503 million in new portfolio purchases, including Marlin, in the first three quarters of 2014
- ▶ Cabot's ERC has grown 54% in the last 12 months from \$1.5B to \$2.3B
- ▶ Cabot expects to leverage Marlin's platform across more accounts than originally expected
- ▶ India continues to deliver on collection and quality expectations

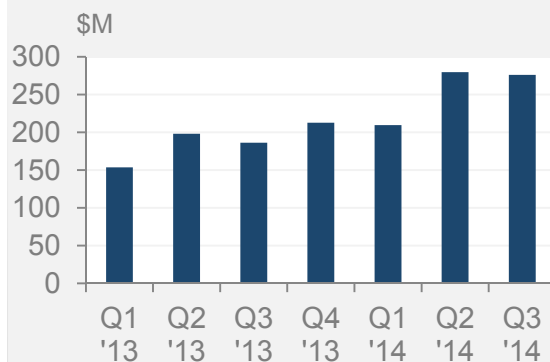
PROPEL CONTINUES TO GROW AND CONTRIBUTE TO ENCORE

\$276 million in property tax lien receivables

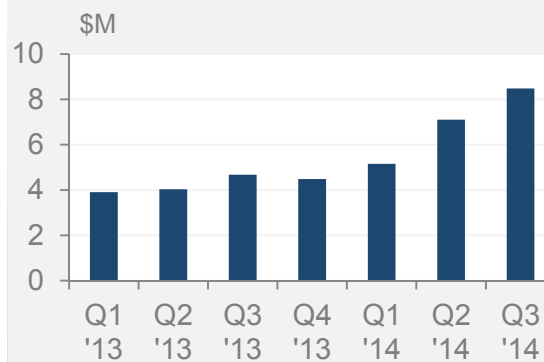
Now operating in 22 states, up from 11 states 6 months ago

Operating income continues to grow

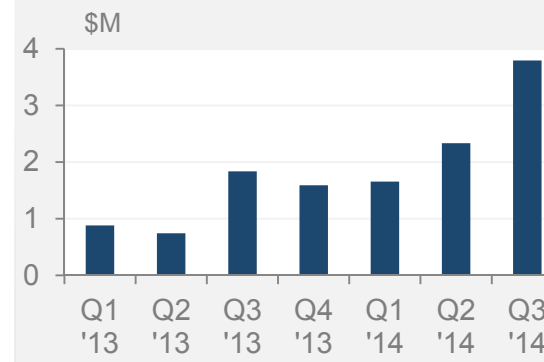
Tax Note Receivables



Total Revenue



Operating Income

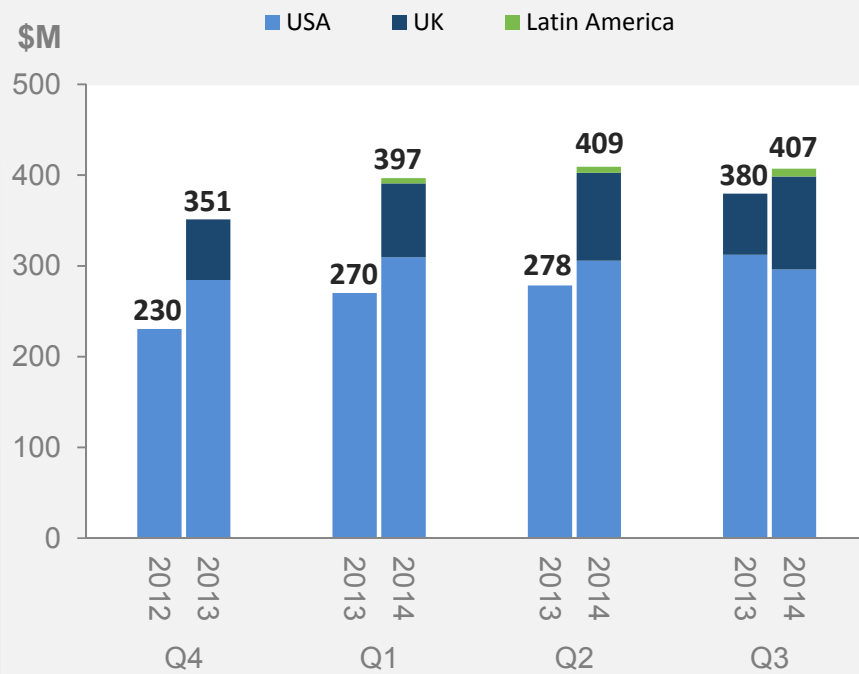




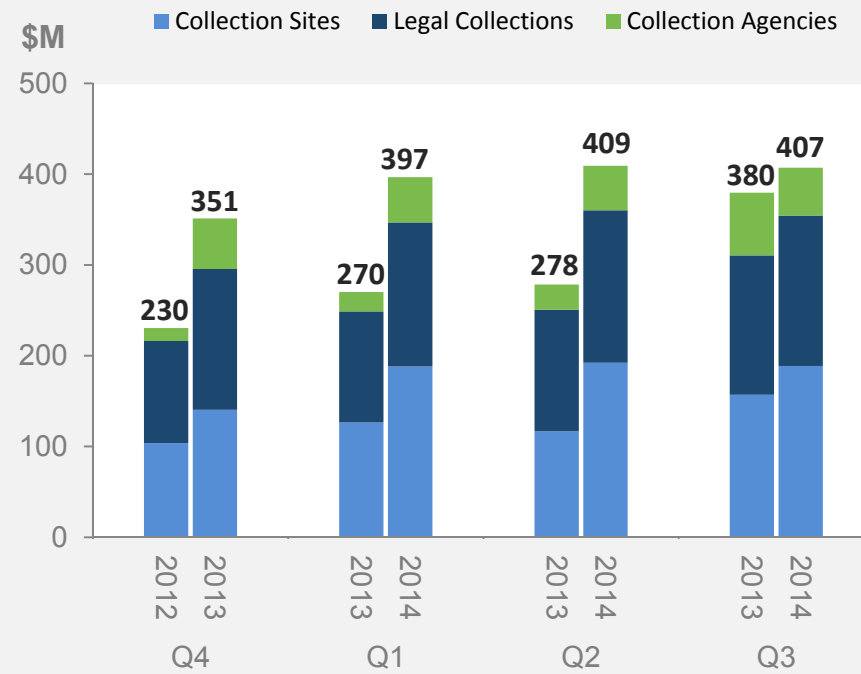
Detailed Financial Discussion

Q3 COLLECTIONS REFLECT STEADY EXECUTION AND GROWTH

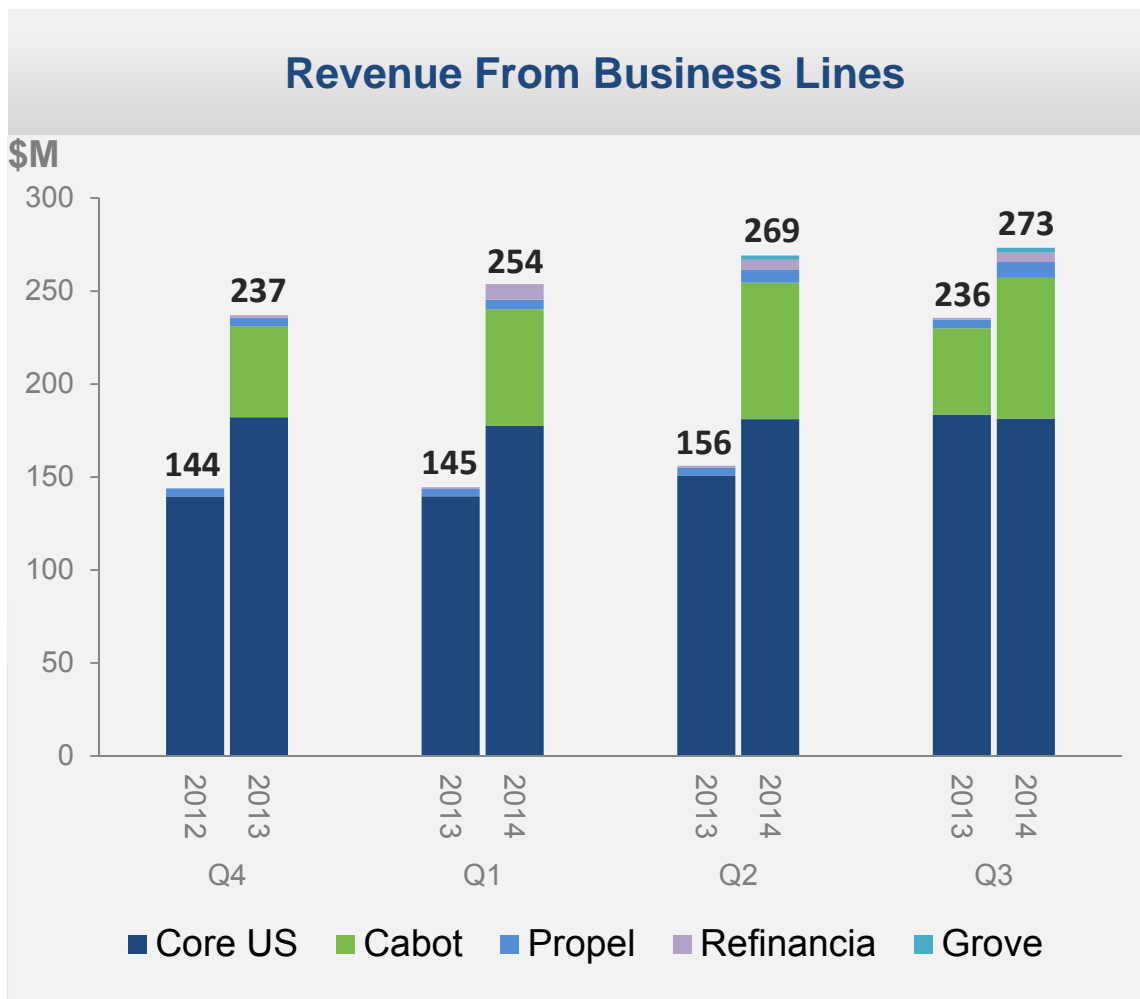
Collections by Geography



Collections by Channel



STRONG COLLECTIONS AND OUR GEOGRAPHIC DIVERSIFICATION STRATEGY LED TO SOLID REVENUE GROWTH



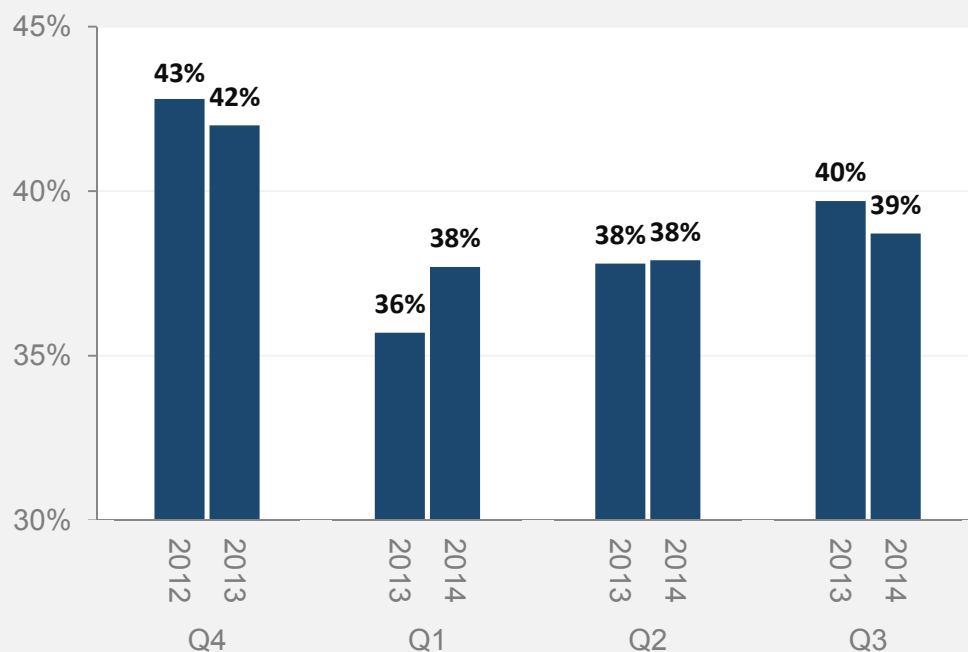
Revenue Recognition*

Channel	Q3 2014 Rev Rec	Q3 2013 Rev Rec
Europe	67.6%	61.1%
United States	58.0%	58.0%
Encore	60.4%	58.6%

* Revenue as a percentage of collections excludes the effects of net portfolio allowances or net portfolio allowance reversals

COST TO COLLECT REMAINS STABLE, EVEN AS WE CONTINUE TO INVEST IN COMPLIANCE

Overall Cost to Collect*

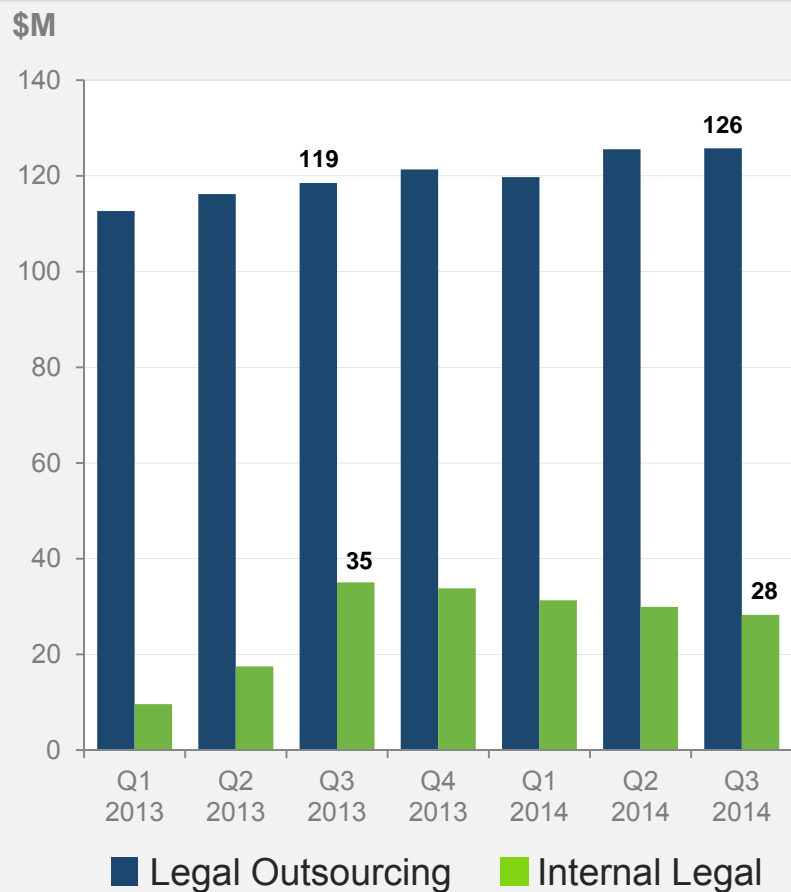


Channel	Q3 2014 CTC	Q3 2013 CTC
Europe	30.3%	27.2%
US Legal	36.3%	39.6%
US Core sites	7.2%	8.4%
Encore	38.9%	39.7%

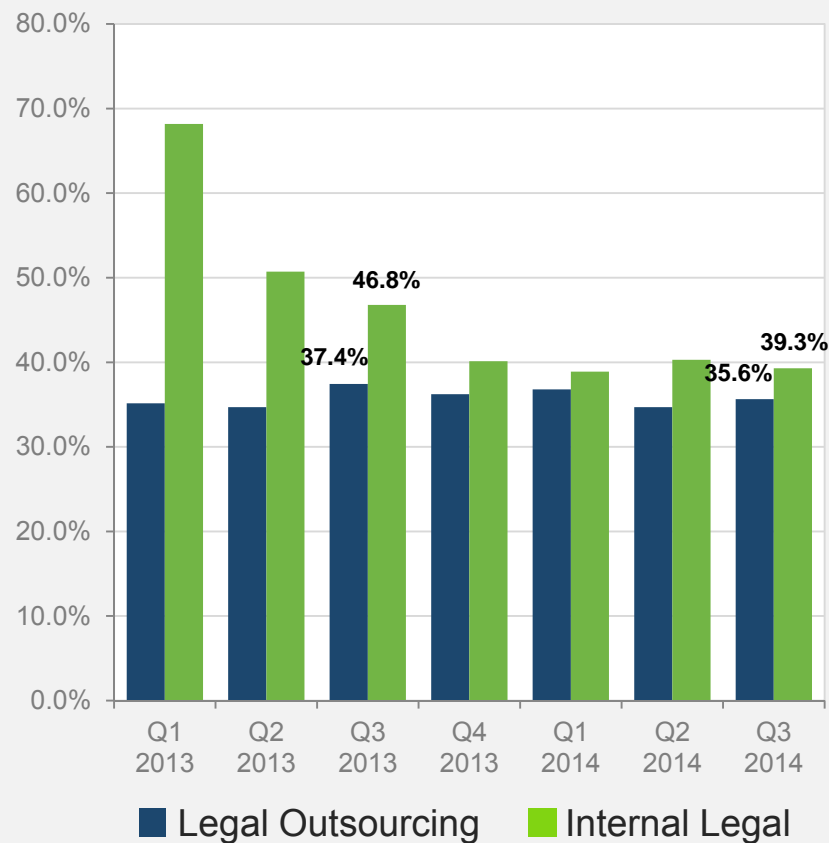
* Cost to Collect is Adjusted Operating Expenses / Dollar collected. See Appendix for reconciliation of Adjusted Operating Expenses to GAAP.

WE CONTINUE TO DRIVE SIGNIFICANT VALUE THROUGH OUR LEGAL CHANNEL

US Legal Collections

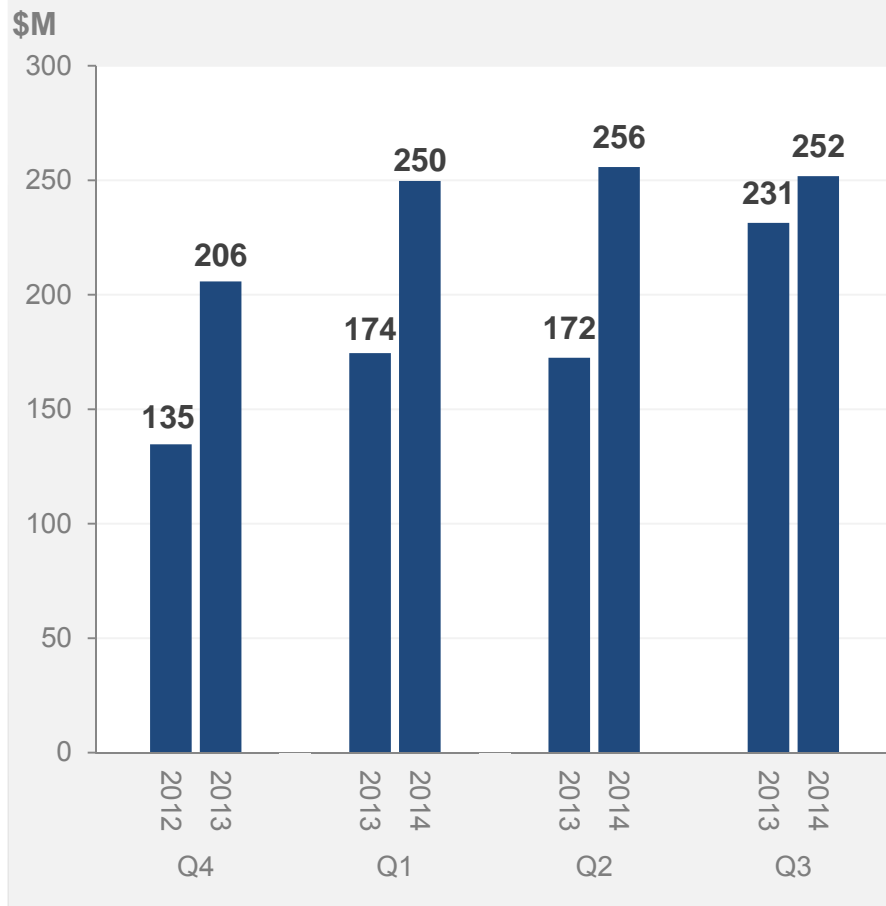


US Legal Cost to Collect

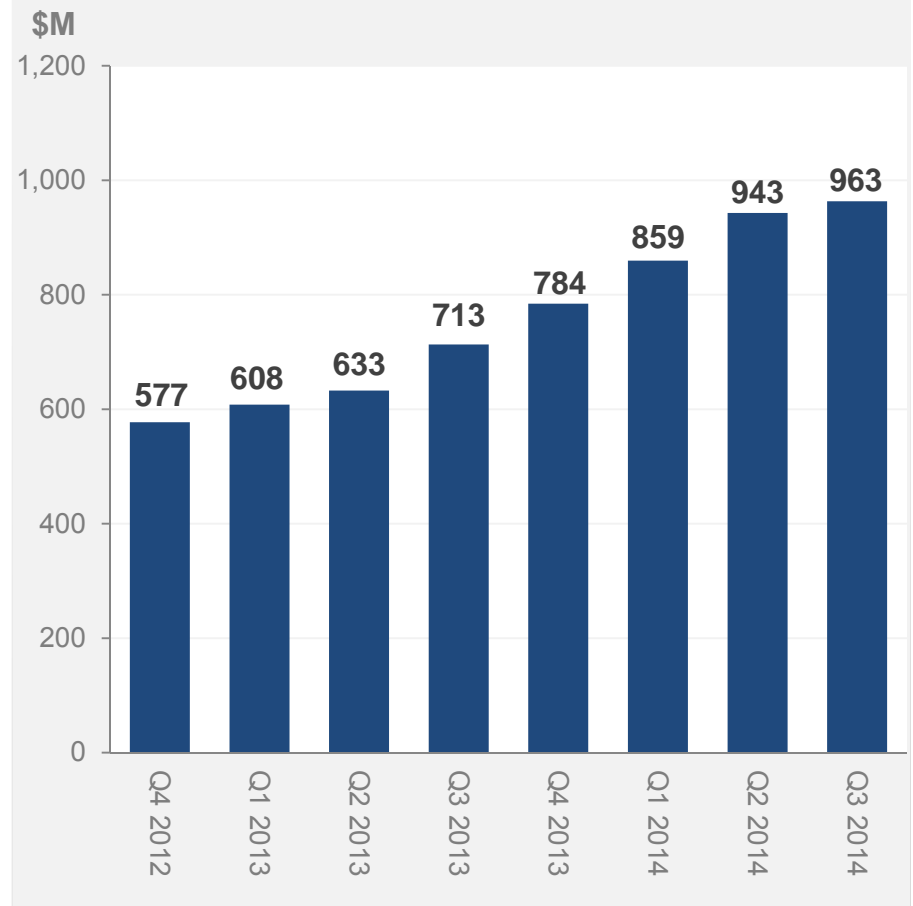


COLLECTIONS GROWTH LED TO IMPROVED CASH FLOWS

Adjusted Quarterly EBITDA*

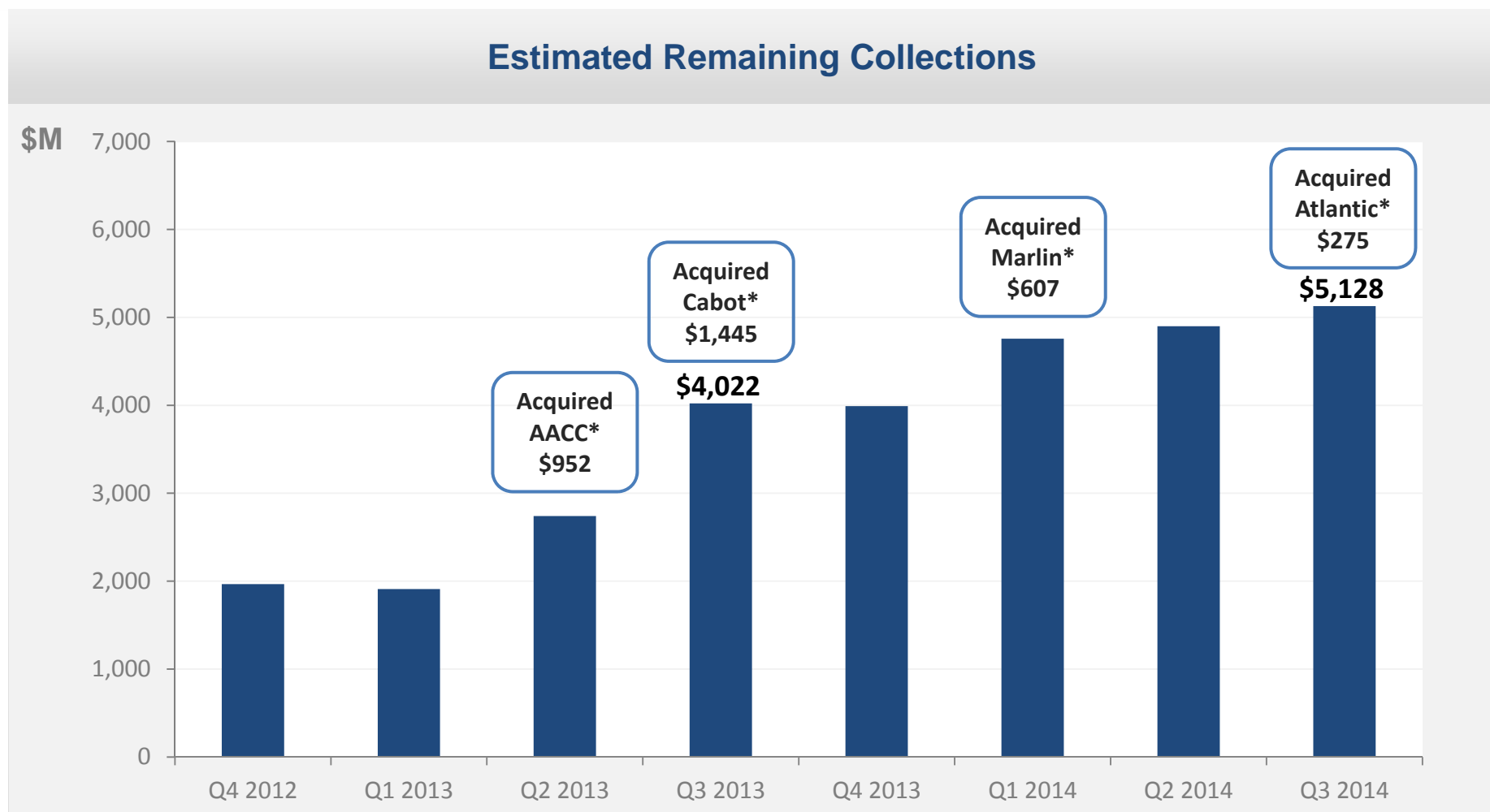


Adjusted EBITDA Trailing Twelve Months



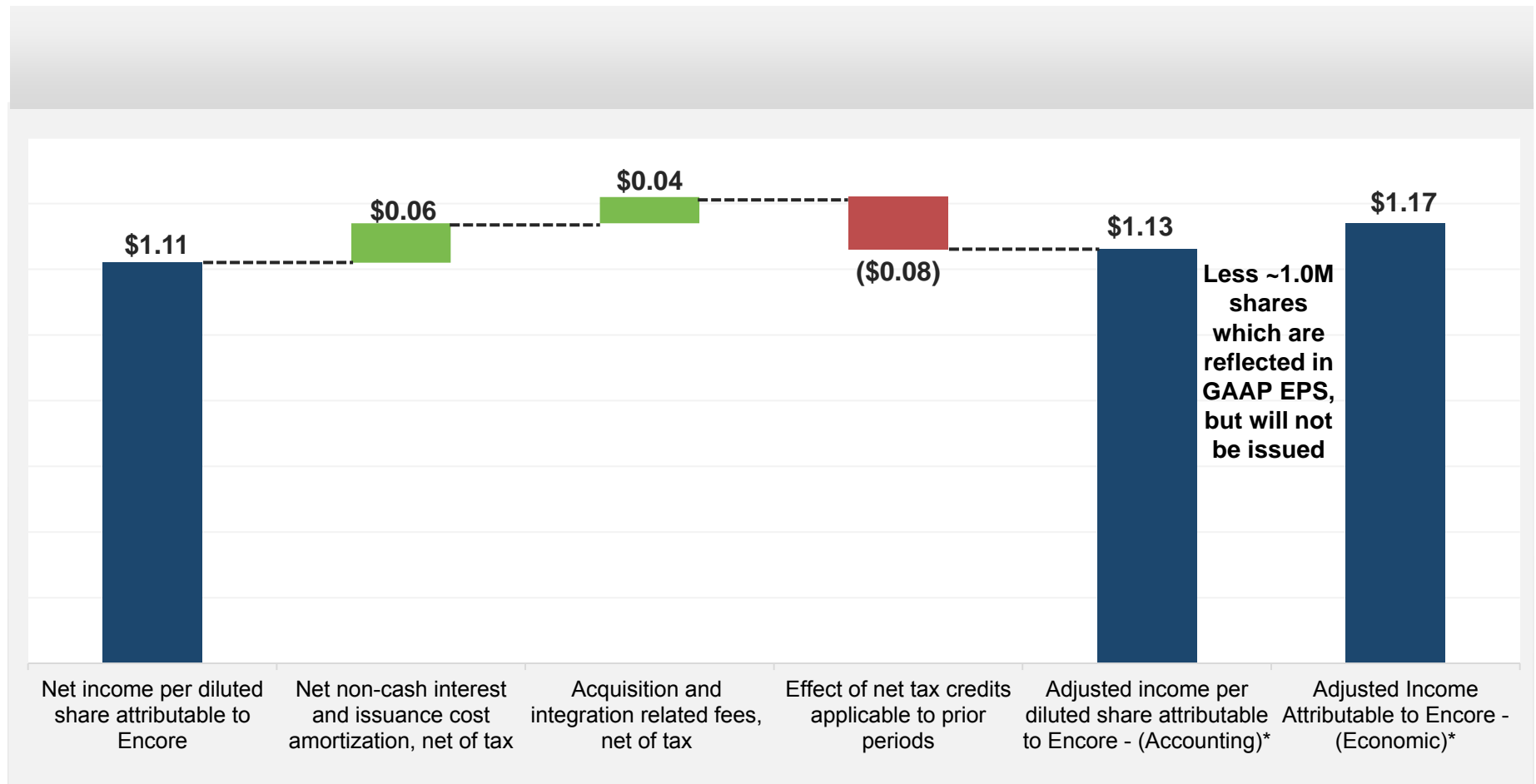
* Please refer to Appendix for reconciliation of Adjusted EBITDA to GAAP

OUR ERC CONTINUES TO GROW



* ERC at time of acquisition

ENCORE DELIVERED RECORD ECONOMIC EPS IN Q3 OF \$1.17



* Please refer to Appendix for reconciliation of Adjusted EPS / Economic EPS measurements to GAAP

ENCORE'S LONG-TERM PROSPECTS REMAIN FAVORABLE

Operating Results & Deployment

A culture of constant improvement drives improved results

Liquidity & Capital Access

Strong liquidity and access to capital enhance our ability to take advantage of consolidating markets and new opportunities

Solid Cash Flows

Additional asset classes and geographies continue to enhance ERC and collections

Geographic & Asset Class Diversification

We are an international company in several asset classes, positioned for strong earnings growth going forward



Appendix

NON-GAAP FINANCIAL MEASURES

This presentation 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 information concerning Adjusted EBITDA because management utilizes this information, which is materially similar to a financial measure contained in covenants used in the Company’s revolving credit facility, in the evaluation of its operations and believes that this measure is a useful indicator of the Company’s ability to generate cash collections in excess of operating expenses through the liquidation of its receivable portfolios. 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. 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 these measures to assess operating performance, in order highlight trends in the Company’s business that may not otherwise be apparent when relying on financial measures calculated in accordance with GAAP. Adjusted EBITDA, Adjusted Operating Expenses, Adjusted Income Attributable to Encore and Adjusted Income Attributable to Encore per Share/Economic EPS 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 presentation a reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures.

RECONCILIATION OF ADJUSTED INCOME AND ECONOMIC / ADJUSTED EPS

Reconciliation of Adjusted Income and Economic / Adjusted EPS to GAAP EPS (Unaudited, In Thousands, except per share amounts), Three Months Ended

	September 30,					
	2014			2013		
	\$	Per Diluted Share – Accounting	Per Diluted Share – Economic*	\$	Per Diluted Share – Accounting	Per Diluted Share – Economic
GAAP net income attributable to Encore, as reported	\$ 30,335	\$ 1.11	\$ 1.15	\$ 22,194	\$ 0.82	\$ 0.84
Adjustments:						
Convertible notes non-cash interest and issuance cost amortization, net of tax	1,773	0.06	0.07	1,103	0.04	0.05
Acquisition and integration related expenses, net of tax	1,001	0.04	0.04	4,775	0.18	0.18
Effect of net tax credits applicable to prior periods	(2,291)	(0.08)	(0.09)	(1,236)	(0.05)	(0.05)
Adjusted Income Attributable to Encore	\$ 30,818	\$ 1.13	\$ 1.17	\$ 26,836	\$ 0.99	\$ 1.02

* Excludes approximately 1.0 million shares issuable upon the conversion of the company's convertible senior notes that are included for accounting purposes but will not be issued due to certain hedge and warrant transactions

RECONCILIATION OF ADJUSTED EBITDA

Reconciliation of Adjusted EBITDA to GAAP Net Income (Unaudited, In \$ Thousands) Three Months Ended

	9/30/12	12/31/12	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	9/30/14
GAAP net income, as reported	21,308	20,167	19,448	11,012	21,064	22,216	18,830	21,353	30,138
(Gain) loss from discontinued operations, net of tax	-	-	-	-	308	1,432	-	-	-
Interest expense	7,012	6,540	6,854	7,482	29,186	29,747	37,962	43,218	43,498
Provision for income taxes	13,887	13,361	12,571	7,267	10,272	15,278	11,742	14,010	10,154
Depreciation and amortization	1,533	1,647	1,846	2,158	4,523	5,020	6,117	6,829	6,933
Amount applied to principal on receivable portfolios	105,283	90,895	129,487	126,364	154,283	124,520	159,106	161,048	155,435
Stock-based compensation expense	1,905	2,084	3,001	2,179	3,983	3,486	4,836	4,715	4,009
Acquisition and integration related expenses	-	-	1,276	16,033	7,752	4,260	11,081	4,645	1,622
Adjusted EBITDA	150,928	134,694	174,483	172,495	231,371	205,959	249,674	255,818	251,789

RECONCILIATION OF ADJUSTED OPERATING EXPENSES

Reconciliation of Adjusted Operating Expenses to GAAP Operating Expenses (Unaudited, In \$ Thousands) Three Months Ended

	12/31/12	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	9/30/14
GAAP total operating expenses, as reported	103,872	105,872	126,238	174,429	168,466	185,472	190,689	188,960
Adjustments:								
Stock-based compensation expense	(2,084)	(3,001)	(2,179)	(3,983)	(3,486)	(4,836)	(4,715)	(4,009)
Operating expense related to other operating segments	(3,092)	(5,274)	(6,367)	(12,115)	(12,755)	(19,833)	(26,409)	(25,058)
Acquisition and integration related expenses	-	(1,276)	(12,403)	(7,752)	(4,260)	(11,081)	(4,645)	(1,622)
Adjusted Operating Expenses	98,696	96,321	105,289	150,579	147,965	149,722	154,920	158,271



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