

Encore Capital Group Closes Acquisition of Controlling Stake in Cabot Credit Management

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Market leaders unite to create a global leader in debt management and recovery

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SAN DIEGO and WEST MALLING, England, July 2, 2013 /PRNewswire/ -- Encore Capital Group, Inc. (NASDAQ: ECPG), a leading U.S. debt management and recovery company, announced today that it has closed its acquisition of 50.1% of the equity interest in Janus Holdings Luxembourg S.a.r.l. ("Janus Holdings"), an indirect holding company of U.K. and Ireland-based Cabot Credit Management Limited ("CCM"). The remaining 49.9% of Janus Holdings is held by a fund advised by J.C. Flowers & Co. LLC ("J.C. Flowers"). The transaction was originally announced on May 30, 2013.

Under the terms of the agreement, Encore acquired its interest in CCM for £115 million (approximately \$177 million). The purchase price was reduced by approximately £13 million from £128 million as a result of the agreement to redeem certain bridge preferred equity certificates ("Bridge PECs") by J.C. Flowers. Encore has the option to purchase the remaining interest in Janus Holdings during the period from the fourth anniversary to the sixth anniversary of the closing.

Paul Grinberg, Encore's chief financial officer, said, "The Bridge PECs redemption allows Encore to reduce the amount of capital required to fund the deal, which should improve Encore's IRR and overall return on this transaction."

Encore was able to fund a significant amount of the purchase price through a convertible note offering completed last week that raised \$150 million at a cash coupon of 3% for a seven year term. The balance of the purchase price was funded through Encore's revolving credit facility.

The partnership between Encore and CCM is based on a strategy of growth that brings together two market leaders. The acquisition gives Encore the opportunity to deploy capital globally in a market with strong growth potential, as the U.K. is the largest mature debt purchase market in the world after the United States.

"We're very pleased to officially welcome Cabot Credit Management as part of our team," said Encore's President and CEO Ken Vecchione. "This acquisition positions us as a global leader in the consumer debt purchase and recovery industry, and we're looking forward to leveraging our analytic capabilities and efficient operating platform to grow our business in the U.K."

CCM has a 14-year track record of delivering steady growth. The company has purchased more than 3.5 million individual consumer accounts, with a face value of more than £7.7 billion. Its Estimated Remaining Collections ("ERC") as of March 31, 2013 was £934 million. Its 2012 revenues were £161 million, and its revenue growth from 2010-2012 was 11% per annum.

CCM has strong relationships with financial institutions and is well positioned to bid on the significant backlog of non-performing consumer debt that is likely to come to market in the U.K. over the coming years. Additionally, the company's in-house collections operations give it an effective and scalable tool for growth within its market.

Neil Clyne, CCM's chief executive officer stated, "We're thrilled to join the Encore family. This new partnership will give us access to more capital, resources and expertise, which will drive higher levels of operational performance. We look forward to the opportunities we'll have to learn from one another."

CCM will continue to operate as a stand-alone entity. It will retain its current staff and brand and continue to be run as a separate company.

About Encore Capital Group, Inc.

Encore Capital Group is a leading provider of debt management and recovery solutions for consumers and property

owners across a broad range of assets. Headquartered in San Diego, Encore Capital Group is a publicly traded NASDAQ Global Select company (ticker symbol: ECPG) and a component stock of the Russell 2000, the S&P SmallCap 600, and the Wilshire 4500. More information about Encore Capital Group can be found at www.encorecapital.com. Encore Capital Group's website and the information contained therein, is not incorporated into and is not a part of this press release.

About Cabot Credit Management

Cabot Credit Management is a market leading acquirer and manager of consumer debt. Divided into four specialist businesses, Cabot Financial, Cabot Financial Ireland, Apex Credit Management and Apex Discovery Solutions, it covers debt purchase, contingency collections and customer tracing.

Cabot Credit Management has purchased assets of £7.7 billion, manages over £1 billion of assets on behalf of clients, collects over £20 million per month on portfolios it owns and on behalf of clients, and has a 14 year unbroken track record of steady growth.

The Cabot Group employs over 700 people with offices in Kings Hill, Stratford-upon-Avon and Dublin. The company prides itself on its ethical values and high standards and has an impressive list of accolades, including achieving Investors in People Gold award (accredited for 3 years) and attaining a place in the Sunday Times Top 100 Best Companies To Work For - 2013. In addition, Cabot Financial has a Quality Management System ISO 9001 since 2008.

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 "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 the completion of the private offering and the anticipated use of proceeds from the offering. For all "forward-looking statements," Encore 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 Encore and its subsidiaries and affiliates 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 Encore with the Securities and Exchange Commission, including the most recent reports on Forms 10-K, 10-Q and 8-K, each as it may be amended from time to time. Encore disclaims any intent or obligation to update these forward-looking statements.

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