
**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): May 8, 2014

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 1300, 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))
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Item 2.02. Results of Operations and Financial Condition.

On May 8, 2014, Encore Capital Group, Inc. posted a slide presentation on its website. A copy of the slide presentation 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 9.01. Financial Statements and Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Slide presentation of Encore Capital Group, Inc. dated May 8, 2014

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: May 8, 2014

/s/ Paul Grinberg

Paul Grinberg

Executive Vice President, Chief Financial Officer and Treasurer

EXHIBIT INDEX

Exhibit Number

Description

99.1

Slide presentation of Encore Capital Group, Inc. dated May 8, 2014



Encore Capital Group, Inc.

Q1 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

GAAP EPS*	Economic EPS**	Collections
\$0.82	\$1.08	\$397 million
GAAP Net Income*	Adjusted Income**	Adjusted EBITDA**
\$23 million	\$29 million	\$250 million
		Cost to Collect***
		38.4%

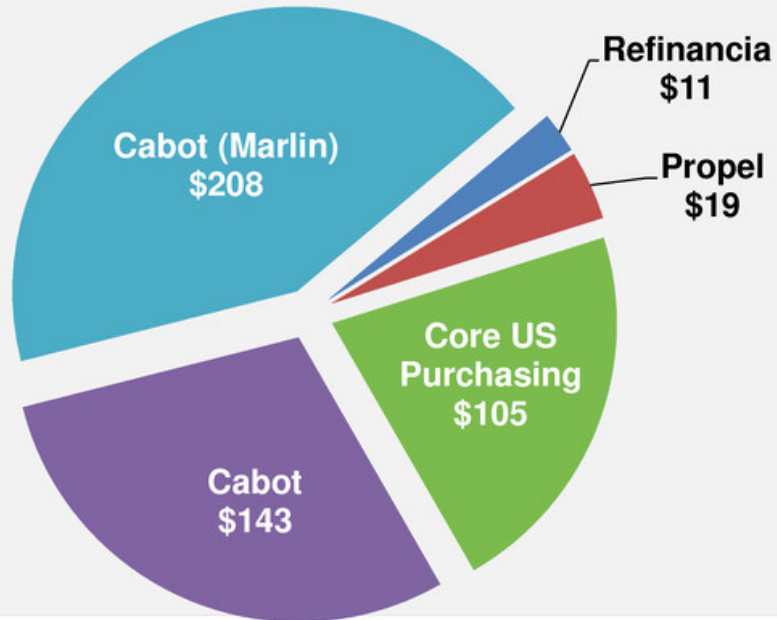
Estimated Remaining Collections of \$4.8 billion

- * 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

CABOT WAS THE MAIN DRIVER FOR Q1 DEPLOYMENTS

Q1-2014 Deployments

\$ millions



Total \$487

WE REMAIN FOCUSED ON DELIVERING TOP QUARTILE RETURNS

Top Quartile Total Shareholder Return

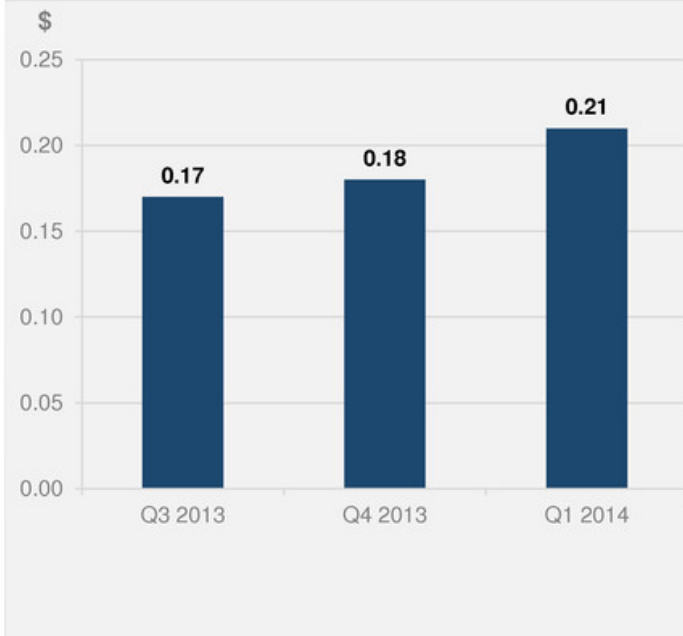
Growth, Margin Expansion, Free Cash Flow, PE Multiple Expansion



Management Team • Learning Organization • Principled Intent

CABOT'S CONTRIBUTION TO OVERALL EARNINGS CONTINUES TO GROW

Cabot's Economic EPS Impact



CABOT INDIA OPERATIONS UPDATE

- ▶ India call center began supporting Cabot on schedule, in January
- ▶ Cabot collections in India have exceeded expectations
- ▶ Call quality is favorable and continues to improve
- ▶ Data protection compliance with Data Protection Act standard already achieved

MARLIN BRINGS TO CABOT NEW CAPABILITIES AND SIGNIFICANT UPLIFT TO ERC

Investment rationale

Creates the UK market leader by ERC	<ul style="list-style-type: none">• Increases Encore's exposure to the high-growth UK market• Strong relationships with key vendor banks make Cabot+Marlin well-placed to increasingly become the purchaser of choice
Strong growth profile	<ul style="list-style-type: none">• Cabot+Marlin can leverage full extent of UK market growth with complementary niches• Ability to sustain IRRs even as competition increases• Helps achieve Encore's 15% long-term EPS growth target
Enhanced, sustainable profitability	<ul style="list-style-type: none">• Creates ability to optimize account scoring & collection channel across both operations• Operational efficiencies and economies of scale
Substantial synergy opportunities	<ul style="list-style-type: none">• Significant uplift to Cabot's 120-month ERC with Marlin's litigation capabilities• Further operational efficiencies through sharing of industry best practices between Encore, Cabot, and Marlin• Opportunity to further leverage Encore's India operations• Enhanced ability to compete for portfolios and deploy capital

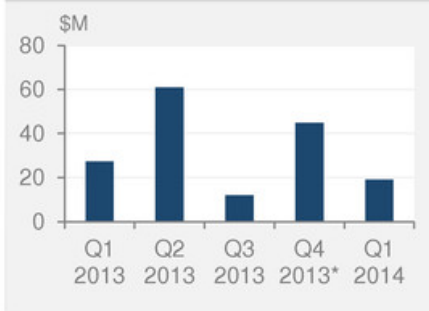
PROPEL CONTINUES TO GROW AND CONTRIBUTE TO ENCORE

\$137 million of capital deployed in the last 12 months

Operating in 11 states in Q1 2014

Operating Income nearly doubled

Capital Deployed



Total Revenue



Operating Income

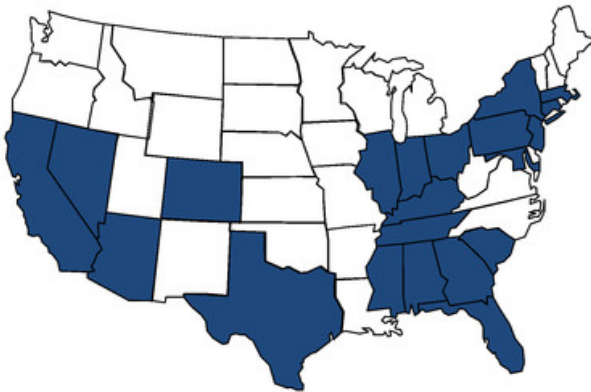


* Includes \$29 million related to the acquisition of a competitor

PROPEL RECENTLY COMPLETED THE ACQUISITION OF A NATIONWIDE TAX LIEN PORTFOLIO & SERVICING PLATFORM

Acquisition

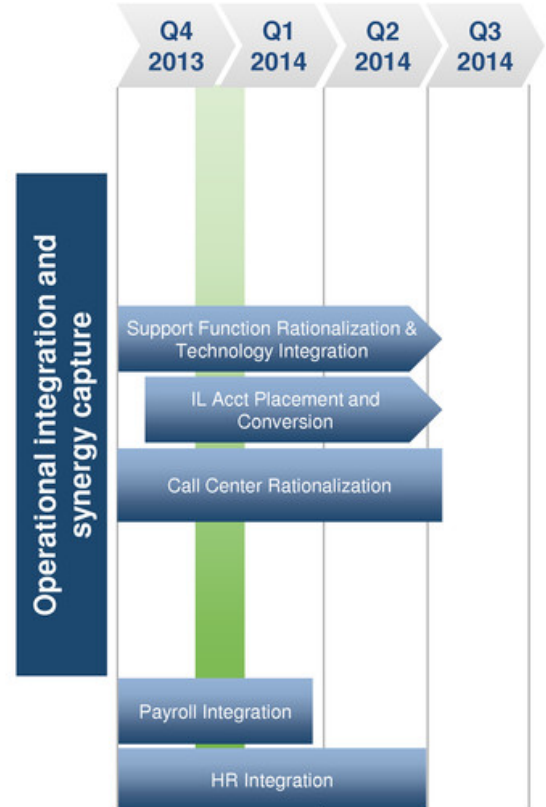
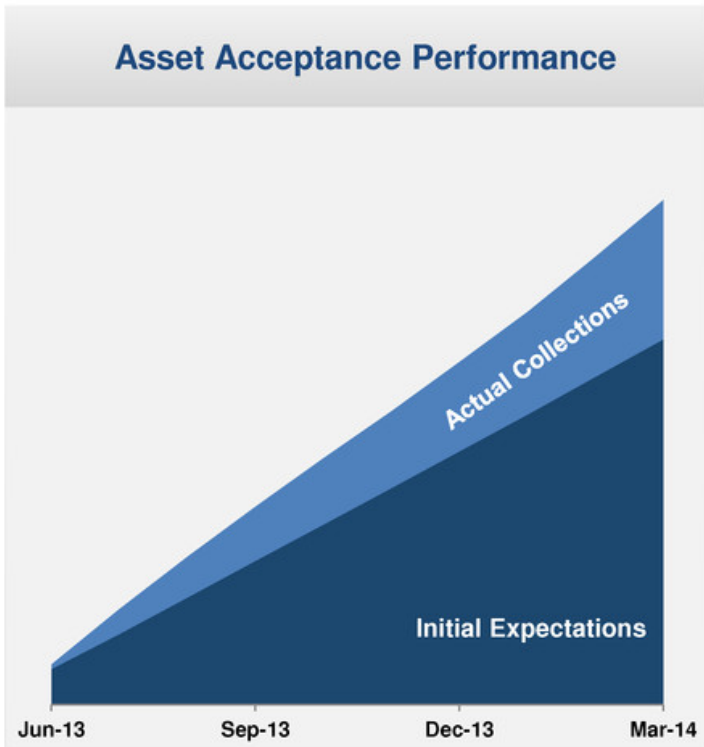
- ✓ National acquirer of delinquent tax liens
- ✓ \$43M asset purchase of portfolio and servicing platform
- ✓ Staff of experienced, talented employees



Opportunity

- Expansion of Propel's tax lien business into 11 additional states
- Established servicing platform
 - Improved consumer experience
 - Increased collections
 - Improved performance monitoring
- Enhanced knowledge of the tax lien marketplace
- Growth and commitment to the tax lien business

ASSET ACCEPTANCE COLLECTIONS OUTPERFORMED PLAN, INTEGRATION NEARS COMPLETION

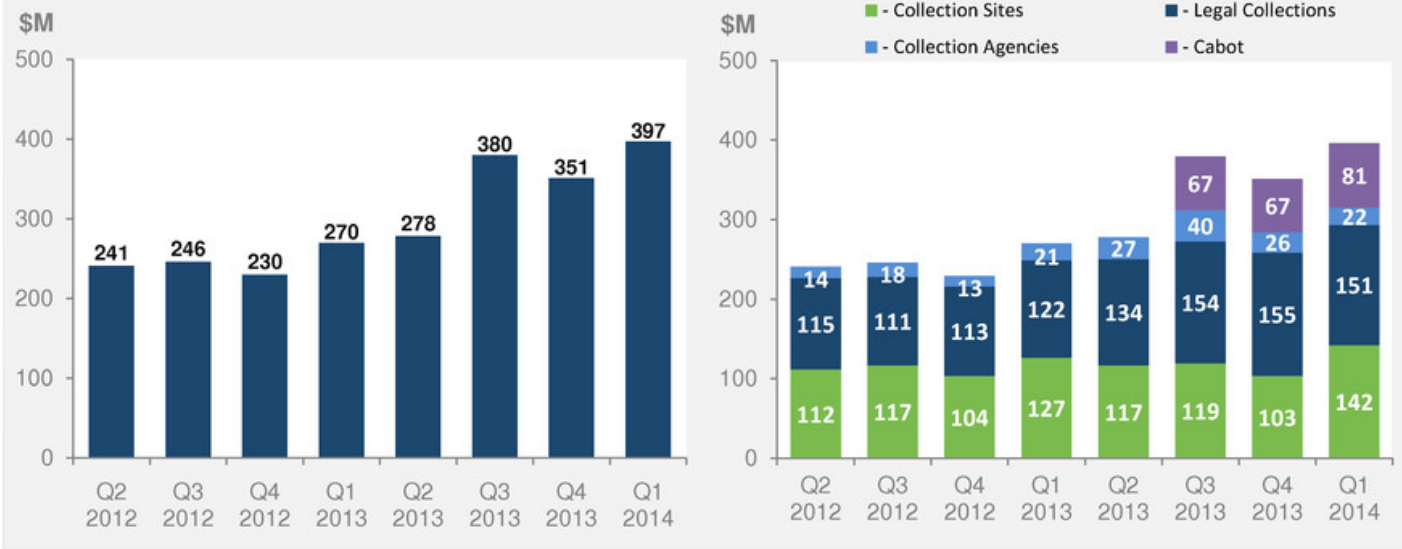




Detailed Financial Discussion

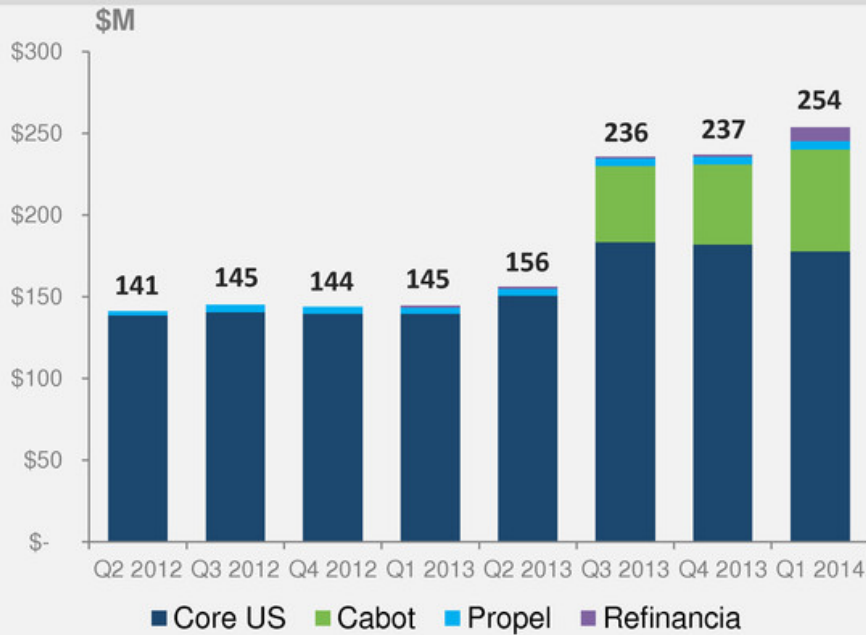
THE AACC AND CABOT ACQUISITIONS ACCELERATED Q1 COLLECTIONS

Collections Summary



STRONG COLLECTIONS LED TO SOLID REVENUE GROWTH

Revenue From Business Lines



Revenue Recognition

Channel	Q1 2014 Rev Rec	Q1 2013 Rev Rec
Cabot	69.1%	-
Core US	56.5%	51.7%
Encore	59.1%	51.7%

ENCORE'S COST TO COLLECT FULLY REFLECTS AACC'S AND CABOT'S OPERATIONS

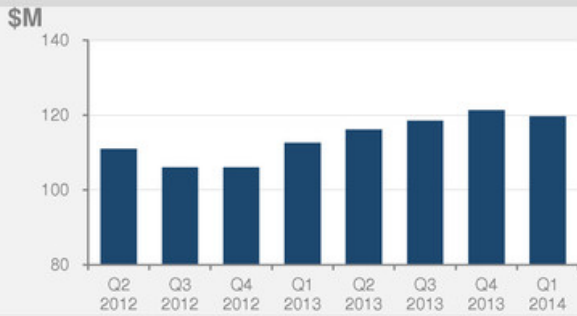


Channel	Q1 2014 CTC	Q1 2013 CTC
Cabot	28.9%	28.9%
Legal	36.7%	37.7%
Core sites	6.2%	5.7%

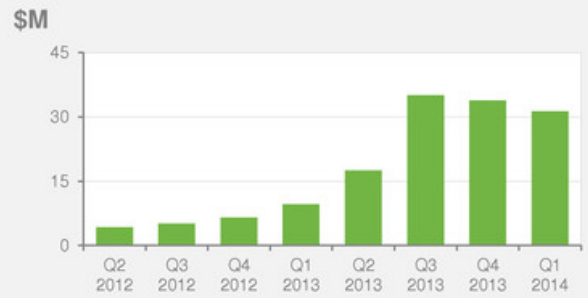
* Cost to Collect is Adjusted Operating Expenses / Dollar collected. See Appendix for reconciliation of Adjusted Operating Expenses to GAAP.

AFTER SEVERAL QUARTERS OF INVESTMENT, COST TO COLLECT IN INTERNAL LEGAL IS DECLINING

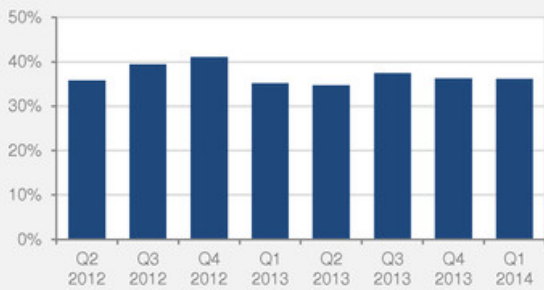
Legal Outsourcing Collections



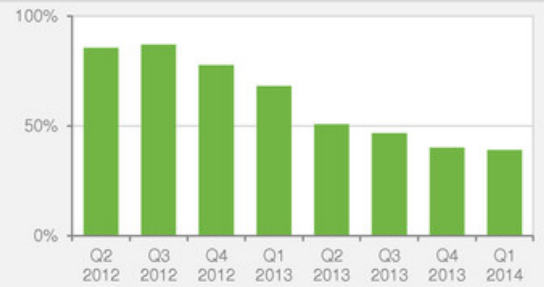
Internal Legal Collections



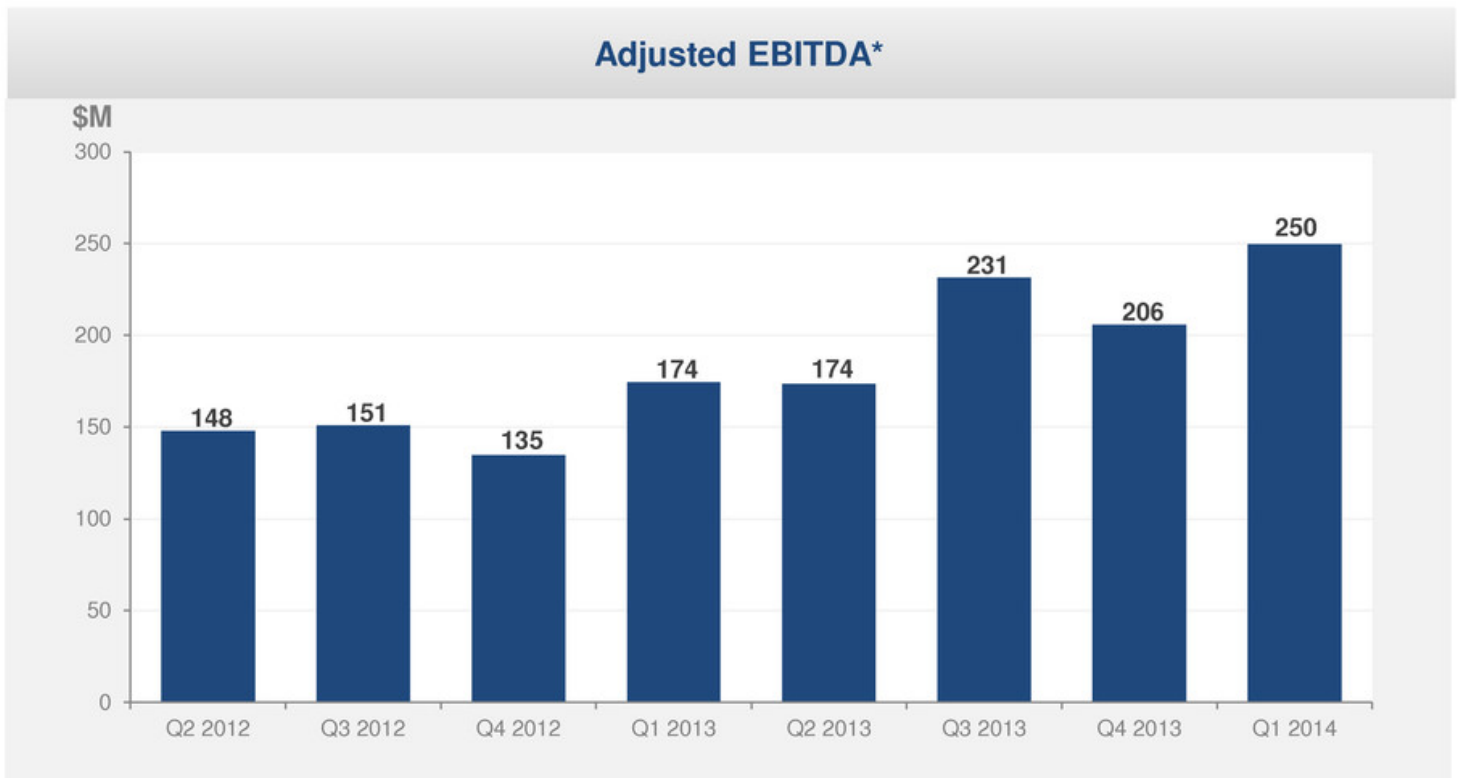
Legal Outsourcing Cost to Collect



Internal Legal Cost to Collect



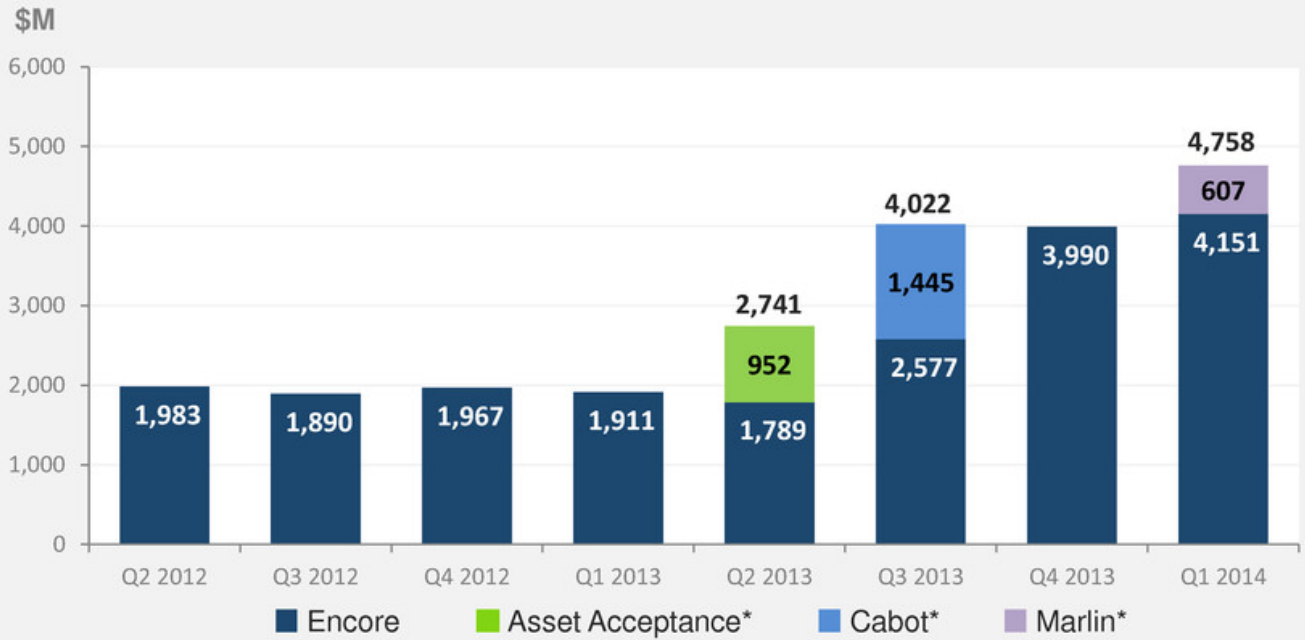
COLLECTIONS GROWTH AND COST IMPROVEMENTS LED TO IMPROVED CASH FLOWS



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

THE MARLIN ACQUISITION ADDED MEANINGFULLY TO ERC IN Q1

Estimated Remaining Collections



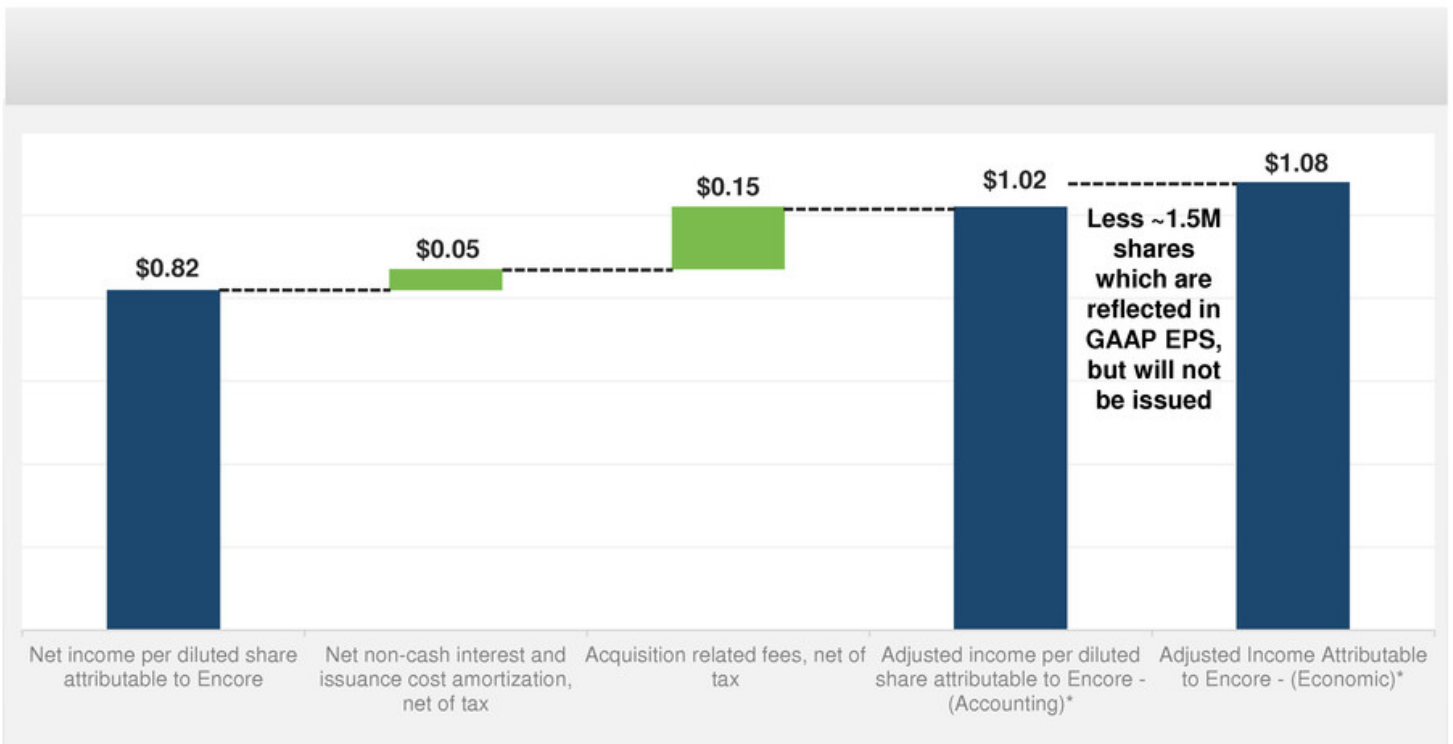
* ERC at time of acquisition closing.

CABOT CONTRIBUTED \$0.21 TO ENCORE'S Q1 ECONOMIC EPS

Q1 Operating Performance of Janus Holdings and Encore Europe

In 000's except per share amounts	Janus	Encore Europe Holdings	EEH Consolidated
Revenue / other income	\$ 62,520	-	\$ 62,520
Total Expenses	(39,576)	-	(39,576)
EBITDA	\$ 22,944	-	\$ 22,944
Non-PEC Interest Expense	(21,776)	-	(21,776)
PEC Interest Expense	(11,042)	5,367	(5,675)
Other Income	75	11	86
Earnings Before Income Tax	\$ (9,799)	\$ 5,378	\$ (4,421)
Income tax	2,146	-	2,146
Net (loss) / profit before minority interest	\$ (7,653)	\$ 5,378	\$ (2,275)
JCF / Mgmt noncontrolling interest	1,099	3,271	4,370
Net (loss) / income attributable to Encore	\$ (6,554)	\$ 8,649	\$ 2,095
One-time and non-cash items, net of tax			3,585
Adjusted Income Attributable to Encore			\$ 5,680

ENCORE'S Q1 ECONOMIC EPS SET A RECORD OF \$1.08



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

COMPLETED 2021 CONVERTIBLE NOTE OFFERING AND COMPLETED CALL SPREAD RESTRIKE ON 2017 NOTES

Convertible Notes Summary

\$ millions, except per share amounts

	<u>2017</u>	<u>2020</u>	<u>2021</u>
Date sold	11/27/2012	6/24/2013	3/5/2014
Amount	\$100	\$150	\$140
Additional	\$15	\$22.5	\$21
Total note size	\$115	\$172.5	\$161
Coupon rate	3.00%	3.00%	2.875%
Initial conversion price	\$31.56	\$45.72	\$59.39
New conversion price	\$44.19	\$61.55	\$83.14
Net cost of call spread	\$11.5	\$18.1	\$19.5
New warrant	\$60.00		
Cost of restrike	\$27.9		
Potential value creation*	\$64.2	\$41.6	\$44.9

- Potential value creation = ((Note size / Initial conversion price) x (New conversion price – initial conversion price)) – Net cost of call spread
- Assumes ECPG share price = new conversion price



PROPRIETARY

20

PROPEL HAS SUCCESSFULLY SECURITIZED TAX LIENS IN TEXAS

Propel Securitization

Security

- \$134 million Texas Tax Lien Collateralized Notes

Price

- EDSF (Eurodollar Synthetic Forward rate) + 95 bps = 1.44%

Pricing Considerations

- Attractive risk-adjusted return on Propel's assets
- AAA rating from S&P and Kroll

Deal Benefits

- Lower cost of capital
- Eliminates exposure to raising interest rates
- Creates capacity on our existing credit facilities

ENCORE'S LONG-TERM PROSPECTS CONTINUE TO BE 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

	March 31,					
	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	\$ 23,180	\$ 0.82	\$ 0.87	\$ 19,448	\$ 0.80	\$ 0.80
Adjustments:						
Convertible notes non-cash interest and issuance cost amortization, net of tax	1,291	0.05	0.05	673	0.03	0.03
Acquisition related expenses, net of tax	4,358	0.15	0.16	775	0.03	0.03
Adjusted Income Attributable to Encore	\$ 28,829	\$ 1.02	\$ 1.08	\$ 20,896	\$ 0.86	\$ 0.86

* Excludes approximately 1.5 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

	3/31/12	6/30/12	9/30/12	12/31/12	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14
GAAP net income, as reported	11,406	16,596	21,308	20,167	19,448	11,012	21,064	22,216	18,830
(Gain) loss from discontinued operations, net of tax	6,702	2,392	-	-	-	-	308	1,432	-
Interest expense	5,515	6,497	7,012	6,540	6,854	7,482	29,186	29,747	37,962
Provision for income taxes	11,660	12,846	13,887	13,361	12,571	7,267	10,272	15,278	11,742
Depreciation and amortization	1,240	1,420	1,533	1,647	1,846	2,158	4,523	5,020	6,117
Amount applied to principal on receivable portfolios	104,603	101,813	105,283	90,895	129,487	127,370	154,283	124,520	159,106
Severance and stock-based compensation expense	2,266	2,539	1,905	2,084	3,001	5,364	3,983	3,486	4,836
Acquisition related expense	489	3,774	-	-	1,276	12,848	7,752	4,260	11,081
Adjusted EBITDA	143,881	147,877	150,928	134,694	174,483	173,501	231,371	205,959	249,674

RECONCILIATION OF ADJUSTED OPERATING EXPENSES

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

	6/30/12	9/30/12	12/31/12	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14
GAAP total operating expenses, as reported	102,809	103,621	103,872	105,872	126,238	174,429	168,466	185,472
Adjustments:								
Stock-based compensation expense	(2,539)	(1,905)	(2,084)	(3,001)	(2,179)	(3,983)	(3,486)	(4,836)
Operating expense related to other operating segments	(2,815)	(3,053)	(3,092)	(5,274)	(6,367)	(12,115)	(12,755)	(17,154)
Acquisition related integration and consulting fees and severance costs	-	-	-	-	(5,455)	-	-	-
Acquisition related legal and advisory fees	(3,774)	-	-	(1,276)	(6,948)	(7,752)	(4,260)	(11,081)
Adjusted Operating Expenses	93,681	98,663	98,696	96,321	105,289	150,579	147,965	152,401



Encore Capital Group, Inc.

Q1 2014 EARNINGS CALL
