# 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**

**September 11, 2019**
Date of report (Date of earliest event reported)

---

# ENCORE CAPITAL GROUP, INC.

(Exact name of registrant as specified in its charter)

| **Delaware** | **000-26489** | **48-1090909** |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

**350 Camino de la Reina, Suite 100**
**San Diego, California 92108**
(Address of principal executive offices)(Zip Code)

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

**Not applicable**
(Former name or former address, if changed since last report.)

---

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:

☐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))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| **Common Stock, $0.01 Par Value Per Share** | **ECPG** | **The NASDAQ Stock Market LLC** |

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 7.01. Regulation FD Disclosure.**

On September 11, 2019, Encore Capital Group, Inc. made available on its website materials to be used in connection with presentations to European debt investors (the “Investor Presentation”). A copy of the Investor Presentation is furnished herewith as Exhibit 99.1 and is incorporated by reference herein.

The information in Item 7.01 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 7.01, 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.**

| Exhibit Number | Description |
|---|---|
| 99.1 | Investor Presentation |

**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: September 11, 2019

/s/ Jonathan C. Clark
Jonathan C. Clark
Executive Vice President, Chief Financial Officer and Treasurer

**EXHIBIT INDEX**

| Exhibit Number | Description |
|---|---|
| 99.1 | Investor Presentation |

Exhibit 99.1

encore
CAPITAL GROUP

# Encore Capital Group, Inc.

European Debt Investor Meetings Presentation

# CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

This presentation has been prepared by Encore Capital Group, Inc. ("Encore" or the "Company") solely for informational purposes. For the purposes of this disclaimer, the presentation that follows shall mean and include the slides that follow, the oral presentation of the slides by the Company or any person on its behalf, any question-and-answer session that follows the oral presentation, hard copies of this document and any materials distributed in connection with the presentation. The Company has included non-GAAP financial measures in this presentation. These measurements may not be comparable to those of other companies. Reference to these non-GAAP financial measures should be considered in addition to GAAP financial measures, but should not be considered a substitute for results that are presented in accordance with GAAP. The information contained in this presentation has not been subject to any independent audit or review. No representation, warranty or undertaking, express or implied, is made to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions herein. No responsibility or liability (including in respect of direct, indirect or consequential loss or damage) is assumed by any person for such information or opinions or for any errors or omissions. A significant portion of the information contained in this document, including all market data and trend information, is based on estimates or expectations of the Company, and there can be no assurance that these estimates or expectations are or will prove to be accurate. Our internal estimates have not been verified by an external expert, and we cannot guarantee that a third party using different methods to assemble, analyze or compute market information and data would obtain or generate the same results. We have not verified the accuracy of such information, data or predictions contained in this report that were taken or derived from industry publications, public documents of our competitors or other external sources. Further, our competitors may define our and their markets differently than we do. In addition, past performance of the Company is not indicative of future performance. The future performance of the Company will depend on numerous factors which are subject to uncertainty.

Certain statements contained in this document that are not statements of historical fact, including, without limitation, any statements preceded by, followed by or including the words "targets," "believes," "expects," "aims," "intends," "may," "anticipates," "would," "could" or similar expressions or the negative thereof, constitute forward-looking statements, notwithstanding that such statements are not specifically identified. In addition, certain statements may be contained in press releases, and in oral and written statements made by or with the approval of the Company that are not statements of historical fact and constitute forward-looking statements. Examples of forward-looking statements include, but are not limited to: (i) statements about future financial and operating results; (ii) statements of strategic objectives, business prospects, future financial condition, budgets, potential synergies to be derived from acquisitions, projected levels of production, projected costs and projected levels of revenues and profits of the Company or its management or board of directors, (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict and outside of the control of the management of the Company. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. We have based these assumptions on information currently available to us, if any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While we do not know what impact any such differences may have on our business, if there are such differences, our future results of operations and financial condition, and the market price of the notes, could be materially adversely affected. You should not place undue reliance on these forward-looking statements. All subsequent written and oral forward-looking statements attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements referenced above. Forward-looking statements speak only as of the date on which such statements are made. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events.

The presentation does not constitute or form part of, and should not be construed as, an offer to sell or issue, or the solicitation of an offer to purchase, subscribe to or acquire the Company or the Company's securities, or an inducement to enter into investment activity. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. This presentation is not for publication, release or distribution.

# TODAY'S PRESENTERS

*President & CEO, Encore*

**Ashish Masih**

*CEO, Cabot*

**Ken Stannard**

*EVP & CFO, Encore*

**Jonathan Clark**

*CFO, Cabot*

**Craig Buick**

*Managing VP, Corporate Development & Treasury, Encore*

**Scott Goverman**

*Director of Strategy & Corporate Finance, Cabot*

**Tomas Hernanz**

# 1. Introduction

# ENCORE AT A GLANCE

## Business Overview

- Based in San Diego, CA, Encore Capital Group, Inc. (“Encore” or the “Company”) provides debt recovery solutions for consumers across a broad range of assets
- In the business of purchasing debt for over 25 years, the Company operates internationally with over 7,900 employees[1] and has over 110 million accounts and over 64 million unique consumers in the U.S. and U.K.
    - MCM is the largest debt buyer in the United States
    - Cabot is one of the largest credit management services providers in Europe and the market leader in the UK and Ireland by ERC
- Publicly traded NASDAQ Global Select company (ticker: ECPG) with a market capitalization of ~$1.1bn
- Purchases portfolios of defaulted consumer receivables from credit originators, including banks, credit unions, consumer finance companies and commercial retailers
- Partners with individuals as they repay their debt obligations, helping them towards financial recovery and improving their economic well-being

## Main trading brands

encore CAPITAL GROUP

**Parent company at Group level**

**Americas**

MCM Midland Credit Management™ – an encore capital group company

**Operating in the United States**

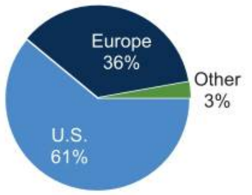
**Europe**

CABOT CREDIT MANAGEMENT – an encore capital group company

**Operating predominantly in the United Kingdom**

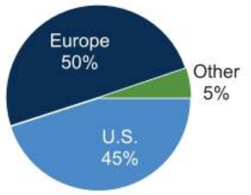
### Capital Deployed

**2019Q2 LTM Capital Deployments Total $1.0bn**



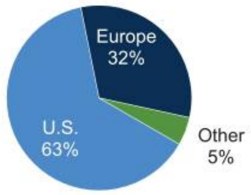

### ERC[2]

**2019Q2 180m ERC Total $7.4bn**



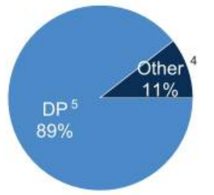

### Collections

**2019Q2 LTM Collections Total $2.0bn**




### Revenues[3]

**2019Q2 LTM Revenues Total $1.4bn**



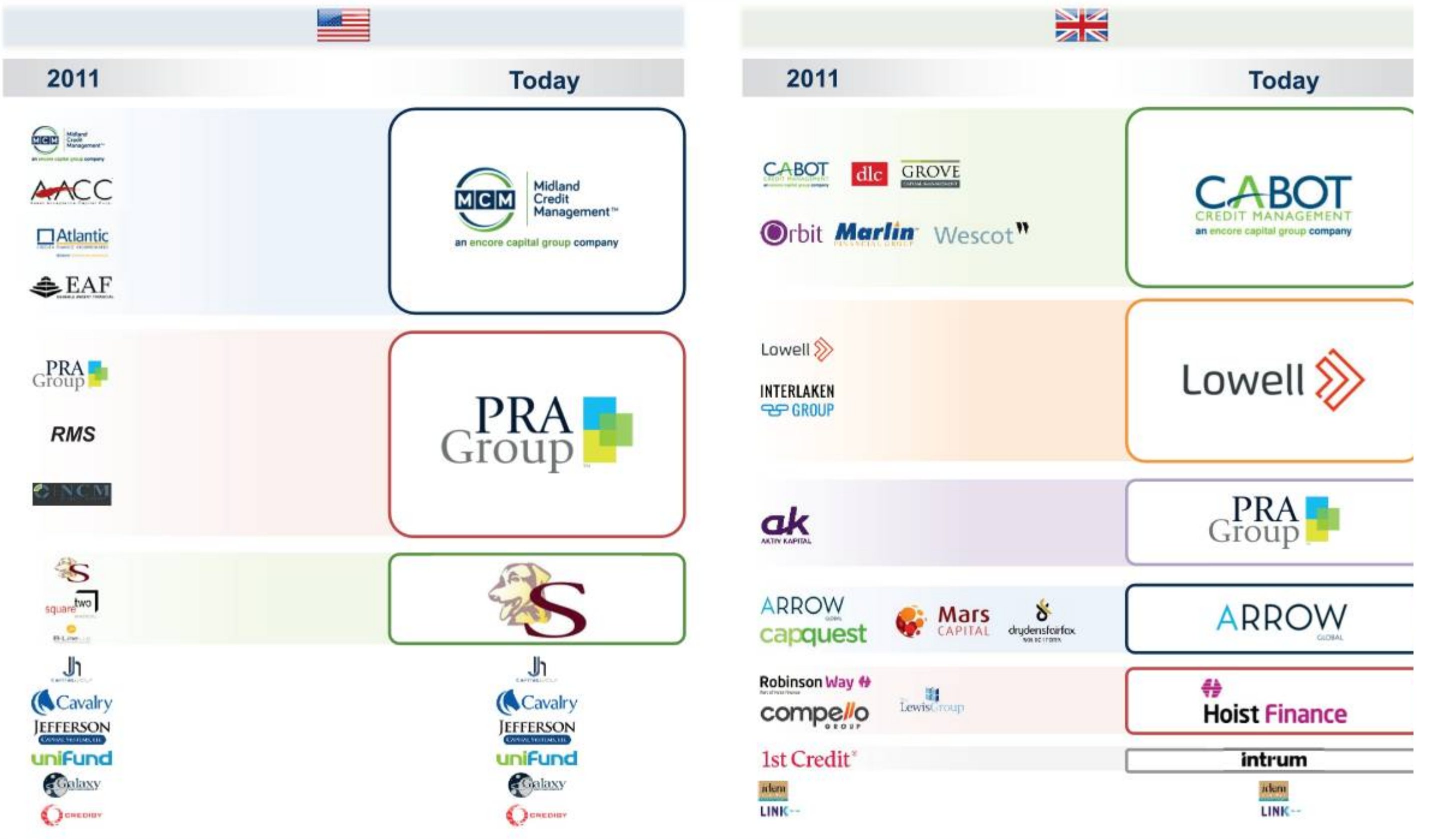

Source: Company filings. Market data as of 6 September 2019.
1) Number of employees as of Q2 2019.
2) ERC represents estimated remaining gross collections for purchased receivables.
3) Represents total revenues adjusted for allowance reversals on receivable portfolios, net.
4) Represents third party collections and other revenues.
5) DP (debt purchasing) represents revenues from owned receivable portfolios.

# ENCORE IS A LEADER IN THE GLOBAL DEBT PURCHASING & RECOVERY SECTOR


Note: Data as of most recent reported quarter - Q2'19 for all; non-USD figures translated at spot rate as of most recent reported quarter end.

1) ERC as reported – for Encore: 180 months; Intrum: total; PRA Group: total; Lowell: 180 months; Hoist Finance: 180 months; and Arrow Global: 120 months.

# RECENT INDUSTRY CONSOLIDATION HAS RESULTED IN A SMALLER NUMBER OF SCALED PLAYERS




Source: Company and peer websites, annual filings and press releases.

encore CAPITAL GROUP

# LED BY A BROAD MANAGEMENT TEAM WITH DECADES OF EXPERIENCE

**Ashish Masih** — President & CEO, Encore — 29 / 10

## Business Leaders with P&L Responsibility

**Ken Stannard** — CEO, Cabot — 31 / 7

**Ryan Bell** — EVP & COO, MCM — 15 / 7

**Amy Anuk** — SVP, Business Development, MCM — 16 / 16

**John Yung** — SVP, Group Executive for Latin America and Asia Pacific — 30 / 4

## Senior Management

**Jonathan Clark** — EVP & CFO, Encore — 33 / 4

**Greg Call** — EVP, General Counsel & Chief Administrative Officer — 24 / 8

**Monique Dumais** — SVP, Chief Information Officer — 21 / 1

**Doris Hektor** — Managing VP, Chief Risk Officer — 17 / 3

**Scott Goverman** — Managing VP, Corporate Development & Treasury — 33 / 8

**Craig Buick** — CFO, Cabot — 30 / 3

**Tomas Hernanz** — Director of Strategy & Corporate Finance, Cabot — 18 / 3

Years of experience (blue)

Years at Encore / Cabot (green)

# 2. Credit highlights

# ENCORE – A HIGHLY ATTRACTIVE CREDIT STORY

**Encore attributes**

| Scale & efficiency | Regulatory & compliance excellence | Consumer focus | Data and analytical leadership | Disciplined capital allocation |
|---|---|---|---|---|

**Unsecured consumer finance market attributes**

- Large market size
- High degree of market sophistication
- Consistency of front-book opportunities
- Granular, diversified portfolios
- Back-book resilience

**These factors make Encore what it is today ...**

A. We are the leading operator in our core U.S. and U.K. markets with attractive long term growth prospects and high barriers to entry

B. Our scale, operational differentiation and compliance excellence drive strong risk adjusted returns

C. 20+ years of experience have created a large, diversified back-book generating resilient cash flows

D. Strong operating performance and capital allocation discipline support Encore's healthy financial profile

## A. Leading operator in our core U.S. and U.K. markets with attractive long term growth prospects and high barriers to entry

# FOCUS ON MARKETS WITH ATTRACTIVE STRUCTURAL CHARACTERISTICS

| | Attributes that we believe make a market attractive |
|---|---|
| **1** **Large, consistent opportunity** | Ability to develop sustainable scale<br>Consistent, long term flow of front-book opportunities as a result of debt sales being an embedded part of the financial ecosystem<br>Fresh, early bucket delinquent debt sales |
| **2** **Regulatory framework** | Strong regulatory framework with barriers to entry that supports banks to outsource or sell<br>Mature legal framework providing enhanced risk management |
| **3** **High degree of sophistication and data availability** | Availability of data to enable informed investment decisions<br>Sophisticated sellers who recognize the benefits of credit management services<br>Operations and data analytics that drive outperformance and competitive advantage |
| **4** **Low through-the-cycle risk profile** | Low volatility of long term returns<br>Provide risk diversification – granular, diversified portfolios that diversify risk<br>Resilience in the event of macroeconomic shocks |

# OUR CORE MARKETS ARE UNDERPINNED BY LARGE, ESTABLISHED CONSUMER SECTORS

## Key markets in the Americas & Europe

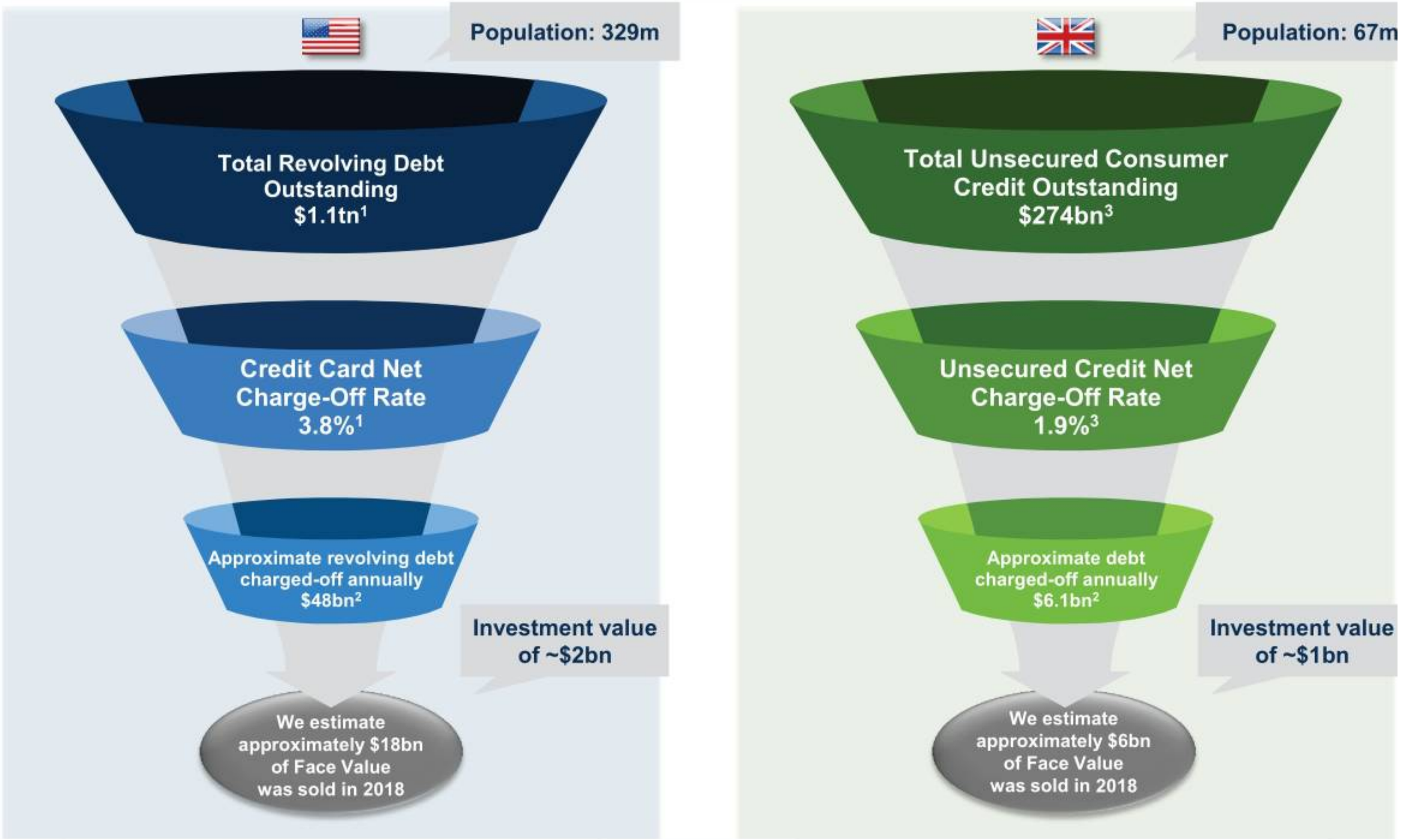
(Unsecured outstanding consumer credit, $ in billions).


| | U.S. | U.K. | Brazil | Germany | France | Italy | Spain | Greece |
|---|---|---|---|---|---|---|---|---|
| *1. Consistent opportunity…* | ✓ | ✓ | ✗ | ~ | ~ | ✗ | ✓ | ✗ |
| *2. Regulatory framework…* | ✓ | ✓ | ~ | ~ | ~ | ~ | ~ | ✗ |
| *3. Sophistication & data…* | ✓ | ✓ | ~ | ~ | ~ | ✗ | ✗ | ✗ |
| *4. Low risk profile…* | ✓ | ✓ | ✗ | ✓ | ✓ | ✗ | ~ | ✗ |

Source: U.S. Federal Reserve as of May 2019, European Central Bank as of May 2019, Bank of England as of May 2019, and Central Bank of Brazil as of July 2019. Management insights.

Note: Consumer credit converted to US$ at FX rate prevailing on 31 May 2019.
U.S. unsecured outstanding consumer credit defined as total revolving debt outstanding, excluding student loans.

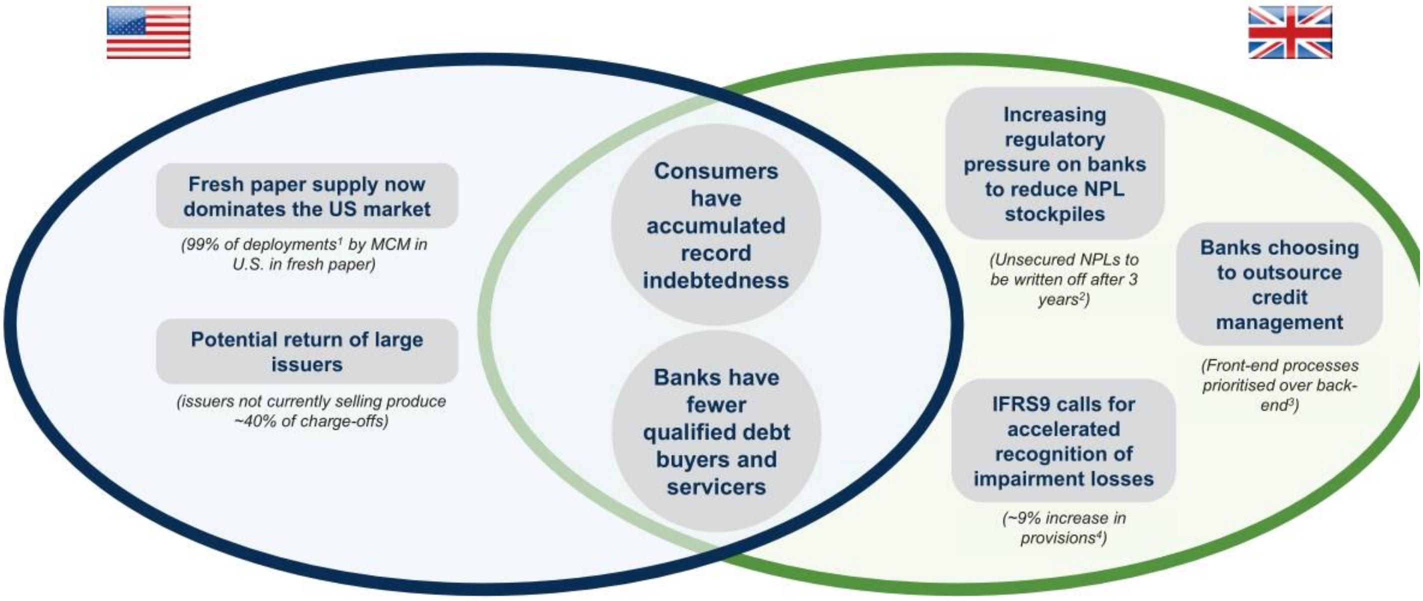
# THE MARKET OPPORTUNITY IS SIGNIFICANT…




Source: Federal Reserve, Bank of England, U.S. Bureau of the Census, U.K. Office for National Statistics, Encore management estimates.
Note: Dollar denominated data in United Kingdom funnel converted from GBP to US$ at exchange rate of 1.3031 prevailing on 31-May-2019.
1) Federal Reserve update from Q1 2019 for Q4 2018, not seasonally adjusted and excludes loans secured by real estate.
2) Assumes 17% Recovery Rate to Estimate Gross Charge-Offs.
3) Bank of England consumer credit data as of May 2019. Unsecured consumer credit excluding student loans.

# … TAILWINDS CONTINUE TO DRIVE NPL SUPPLY…

## Key global factors driving NPL supply

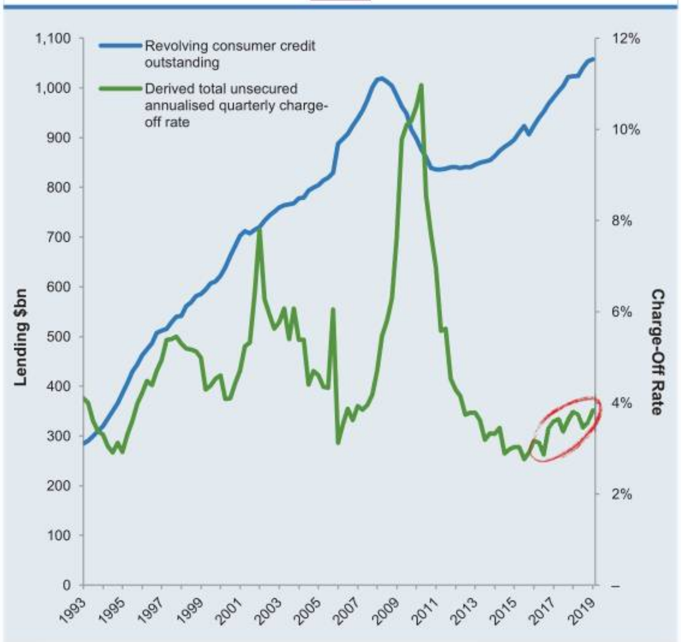



1) Deployments in 2018.
2) European Central Bank implementing tougher rules on NPL inventory.
3) Banks facing constraints on compliance expertise, IT capex and operations headcount, deemphasizing in-house credit management.
4) As a result of accelerated impairment recognition under IFRS 9, provisions are estimated to increase by 9% with a day-one impact on CET1 of 51bps. European Banking Authority quantitative impact analysis, 20-Dec-2018.

# … WITH NEW NPL GENERATION LIKELY TO GROW SIGNIFICANTLY

**Unsecured consumer lending and total charge-off rate**

- Federal Reserve reports revolving credit in the U.S. achieved an all-time high in May 2019
- Banks' charge-off rates and loan loss allowances at highest level in the last six years




- Rapid consumer credit growth in the U.K. will drive meaningful supply growth
- Early signs of increasing default rates visible – potential further acceleration due to Brexit implications


Source: For U.S. - U.S. Federal Reserve revolving consumer credit, seasonally adjusted & credit card net charge-off rate.
For U.K. - Bank of England – May 2019 – excludes student loans.

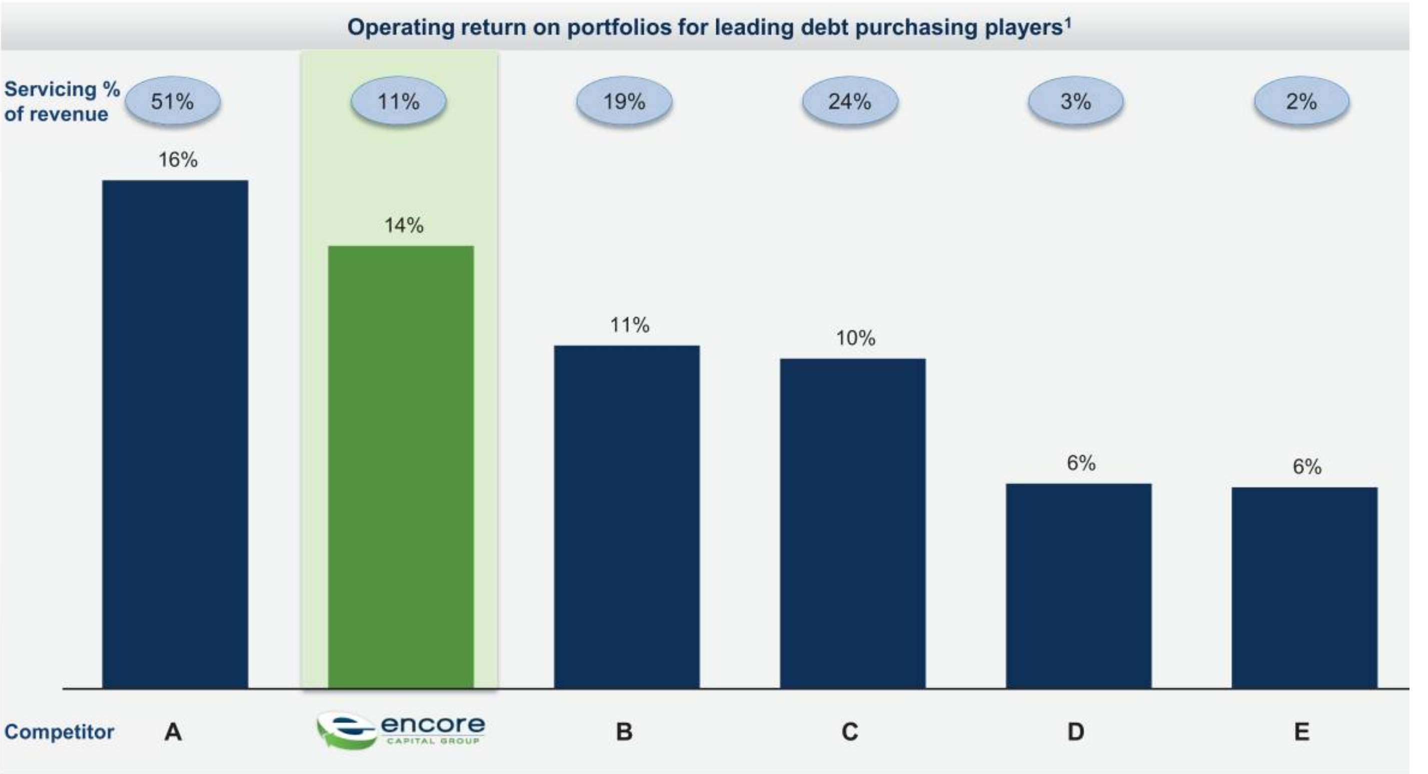
# WE BENEFIT FROM INCREASING BARRIERS TO ENTRY

| | | U.S. | U.K. |
|---|---|---|---|
| **Regulation** | • Mature markets entail high legal, regulatory and compliance obligations<br>• Replicating Encore's compliance infrastructure would entail prohibitive time, cost & licensing requirements | ▸ State-by-state regulation – often demands licensing<br>▸ Significant prescriptive regulation – proposed CFPB rules 500+ pages | ▸ FCA authorization required for servicing / SRA for litigation<br>▸ Principles based – intense focus on consumer treatment |
| **Client relationships** | • Banks reduce number of servicers to handful of trusted key partners<br>• Comprehensive and regular client audits | ▸ Nimbleness towards quick bilateral transactions<br>▸ Bank restrictions on resale of debt | ▸ Deeper relationships from BPO and debt servicing history leads to proprietary purchase opportunities |
| **Proprietary data** | • High frequency of consumer interaction enables consumer centric outcomes<br>• Large data warehouse leads to improved pricing, collections efficiency and fair consumer treatment | ▸ Over 2,800 portfolios acquired / 25+ years of data<br>▸ Relationship with 1/5 U.S. consumers | ▸ Over 1,800 portfolios acquired / 20+ years of data<br>▸ Relationship with 1/9 U.K. consumers |
| **Scale** | • Scale of operations allows investment in infrastructure and compliance<br>• Diversified access to capital markets lowers cost of funding and facilitates liquidity management | ▸ Ability to operate in all 50 states with licenses in every state where required, with approximately 4,100 employees[1] | ▸ Largest U.K. financial services ERC with approximately 2,500 employees |

1) Total global employees contributing to the U.S. business.

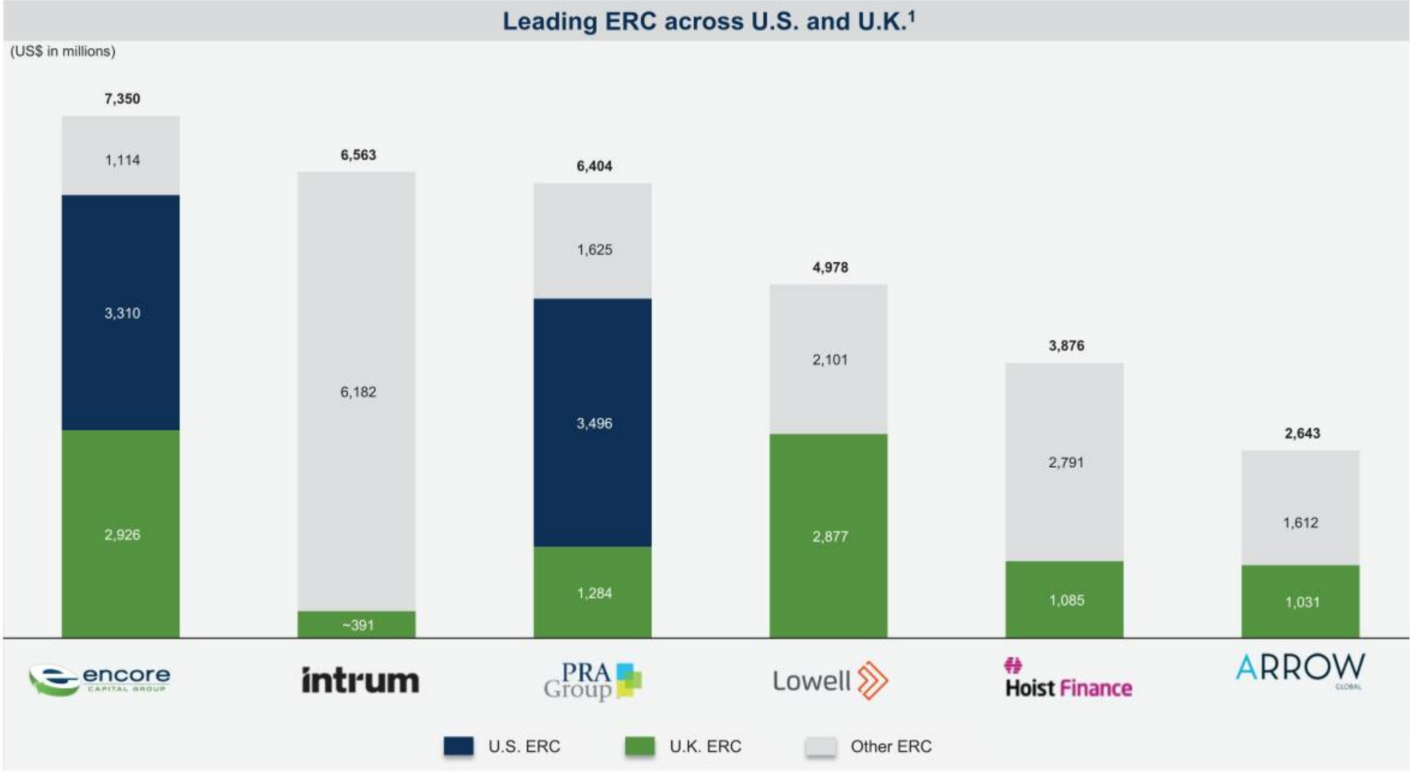
# B. Our scale, operational differentiation and compliance excellence drive strong risk adjusted returns

# OUR SCALE AND OPERATIONAL DIFFERENTIATION DELIVER MARKET LEADING RETURNS




Source: Company filings for relevant peers as of LTM Q2'19.
1) Calculated as operating profit divided by average book value of portfolios.

# WE HAVE MARKET-LEADING SCALE IN OUR CORE MARKETS




Note: Data as of most recent quarter – Q2'19; Non-USD figures translated at spot rate as of most recent reported quarter end.
1) ERC as reported – for Encore: 180 months; Intrum: total; PRA Group: total; Lowell: 180 months, geographic split of 120 months ERC applied to 180 months; Hoist Finance: 180 months, U.K. share of ERC calculated by applying U.K. net carrying value of NPL portfolios as of Dec-2018 to total ERC; and Arrow Global: 120 months.

# SUPERIOR DATA ANALYTICS DRIVES OUR ENHANCED CONSUMER CENTRIC APPROACH

| | United States | United Kingdom |
|---|---|---|
| **Data assets** | ~110 million accounts<br>~60 million consumers<br>~600 thousand hours of call recordings per year<br>On average, we have an existing relationship with ~40% of consumers in each new portfolio | ~10 million accounts<br>~1.5 billion transaction records<br>~150 million financial transactions<br>~670 million dialler records<br>~14 million litigation records |

**Advanced analytics**

- Sophisticated use of speech analytics
  - Real-time analytics
  - Call library for training
- Speech analytics underpins valuation and pricing rigor
- Substantial experience & expertise: more than 20 years of data, insights, modelling and operational integration
- Market leading set of litigation scorecard models
- Proprietary scorecards for legal placement, direct mail, call center effort

**Consumer centric execution**

- Real-time sentiment analysis informing approach to next interaction with consumer
- Insights from data and analytics integrated across business processes
- Automated process to update consumer profile and treatment based on real time internal and external data
- Post call consumer feedback
- Proprietary data, advanced analytics, supporting appropriate consumer-level engagement

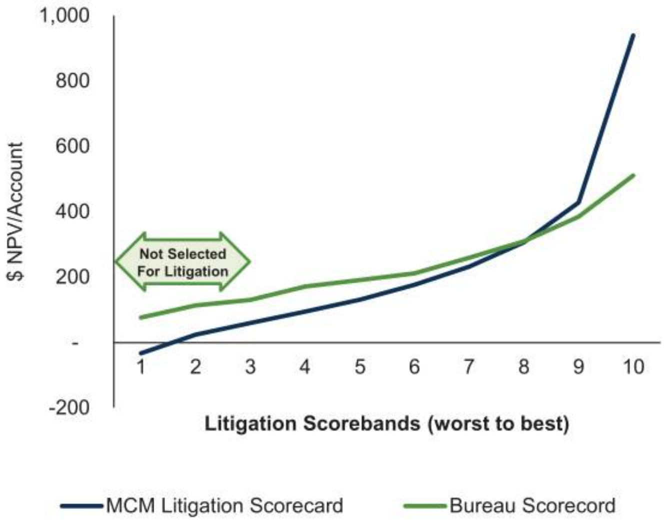
# STRONG ANALYTICS AND ROBUST OPERATIONS ENABLE LITIGATION AS AN EFFECTIVE COLLECTION CHANNEL

**Legal collections**

| Experience | Network | Scorecard |
|---|---|---|
| 14+ years of litigation experience | Largest legal network in the industry | 10+ years refining scorecard |
| Deep local knowledge enables strong performance in litigation channel | Internal legal operations complemented by external partners | MCM proprietary scorecard superior in segmenting accounts |

**Better performance of proprietary scorecard[1]**

Collection by scorecards ranked by decile (10 = best)



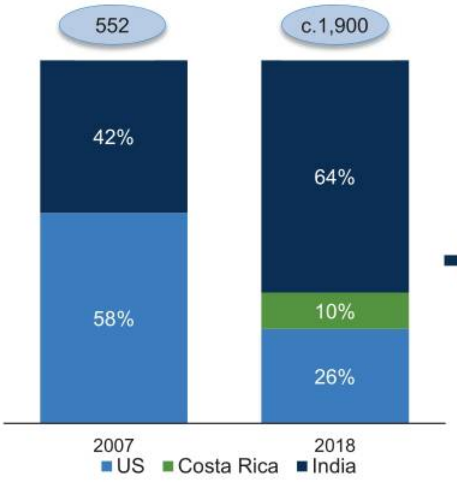

**Leverage proprietary scorecards to allocate accounts to the most appropriate channel to drive superior collection performance**

1) Performance of proprietary scorecard benchmarked against generic bureau scorecard.

# BUSINESS MODEL TRANSFORMATION HAS ENABLED A 1,300BPS REDUCTION IN U.S. COST TO COLLECT FROM 2007 TO PRESENT

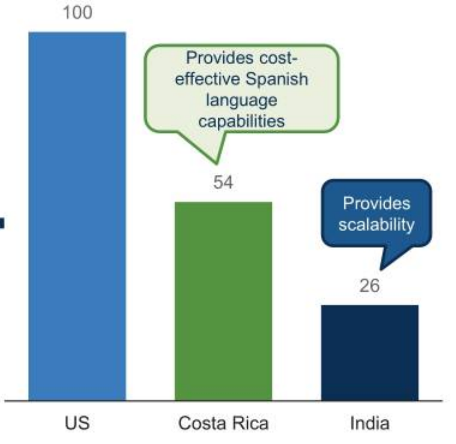
## Distribution of account managers

Distribution of production headcount for MCM, by location

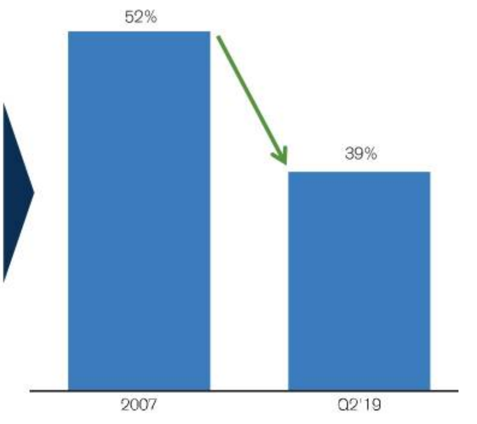



## Relative cost of account managers

Expenses per FTE headcount (indexed), by location




## Improving U.S. cost-to-collect




- Considerable cost advantages stemming from our operations in India and Costa Rica that allow Encore to more efficiently work a high percentage of the accounts within any given portfolio
- Cost advantage allows us to pursue lower value accounts than peers
- Only company in our industry with successful, late stage collection platform in India
- Cost savings and first-mover advantage helps to reduce our variable cost-to-collect

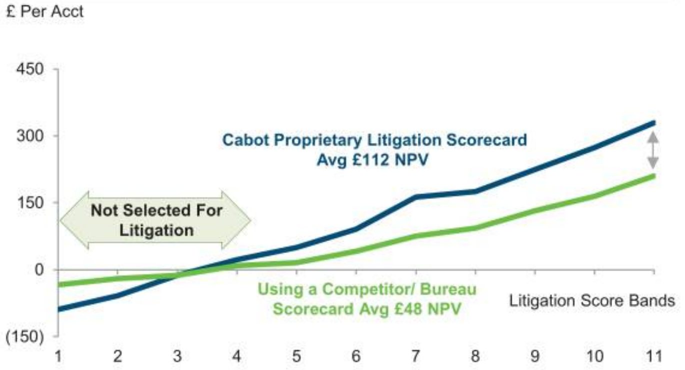
# NON-PAYING ACCOUNTS – DRIVING COMPETITIVE ADVANTAGE THROUGH PROVEN LITIGATION SCORECARD

| Depth of data | Leading litigation volumes | Continuous improvement |
|---|---|---|
| >1 billion[1] data points generated from performance history | c. 840,000 judgments obtained since 2006 | 11 Scorecard version updates over the last 10 years |

## Driving competitive advantage at pricing - illustrative

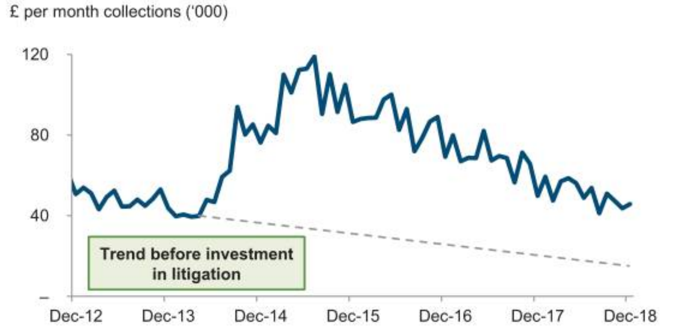
**Increase in cumulative cash flows for litigation-eligible accounts due to litigation scorecard[2]**


## Scorecard shows strong ability to rank profitability[3]




## Proven benefits of litigation expertise

**Collections uplift after applying litigation scorecard to Cabot's back-book (Sample portfolio)**



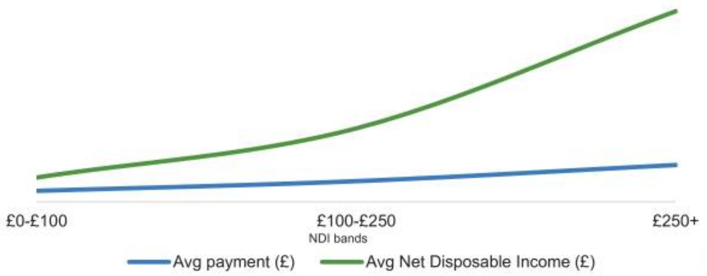

Source: Company information; Equifax Credit Bureau scorecard.
1) U.K. solicitor data points that have been generated from internal litigation and on behalf of the Company.
2) Cumulative gross collections over a 120 month period for accounts eligible to litigation only. A 27% discount is applied to gross litigation collections when using the Credit Bureau Scorecard. Discount factor derived from historical trend data for litigation accounts using a CRA litigation scorecard.
3) Attachment of Earnings Net Present Value @ 24 Months.

# PAYING PORTFOLIO – OPTIMIZATION OF PAYING ACCOUNTS

| Data | People | Targeting |
| --- | --- | --- |
| Data Enhanced Affordability Assessments | Application of Behavioural Science | Leading Edge Decision Engine |

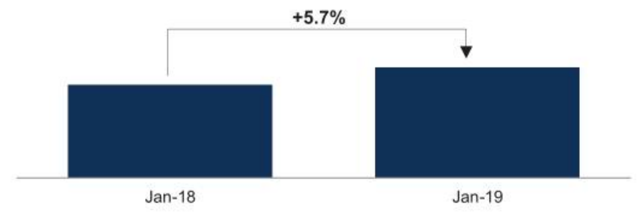
## ... whilst focused on consumer affordability

**Comparison of average monthly payment to average net disposable income (NDI), by NDI bands[2]**



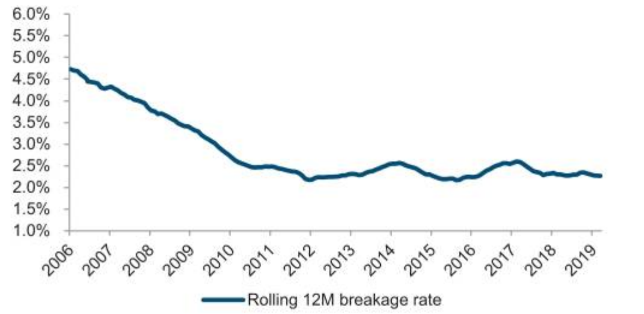

## Driving increase in average payments...

**Average Payment Uplift[1]**




## ...and minimizing payers break rates

**Rolling 12M Break Rate Evolution[3]**



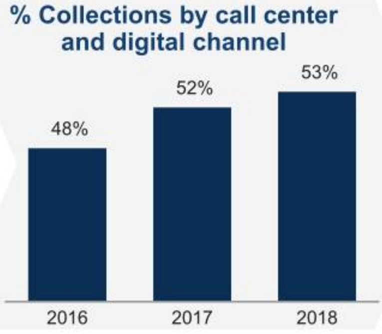

encore CAPITAL GROUP

Source: Company information, U.K. portfolios.
1) Accounts across the full base that paid in Jan-18 to Jan-19.
2) Jan-18 to Jul-18 plan data.
3) Defined as percentage of accounts not paying in the last 90 days.

# CONSUMER FOCUS AND OPERATIONAL ENHANCEMENTS HAVE IMPROVED LIQUIDATION EFFECTIVENESS

### Past

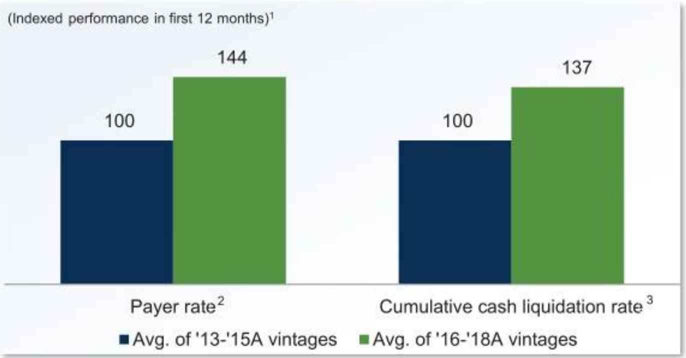
- Maximize collections with large scale, high speed approach
- Quick discount focused call
- Limited interaction channels and payment flexibility




### Today

- Optimize lifetime liquidation with high touch, focused approach
- Connect with consumer through longer conversations
- Offer expanded interaction and payment options to consumers

### Improved collection efficiency





1) Average payer rate and cumulative cash liquidation rate on 2013 to 2015 vintages indexed to 100 and benchmarked against vintages raised in 2016 to 2018.
2) Payer rate represents percentage of accounts paying in the first 12 months.
3) Cumulative cash liquidation rate represents percentage of face value collected in the first 12 months.
4) Comparable portfolios for 2014 and 2018 sold by the same vendor.

# OUR FOCUS ON RISK MANAGEMENT AND COMPLIANCE IS A COMPETITIVE ADVANTAGE AND BARRIER TO ENTRY

## Encore is highly focused on regulatory compliance

**Principled treatment of consumers**

- MCM Consumer Bill of Rights

**Compliance capabilities**

- Encore has heavily invested in both personnel and processes to support the changing regulatory landscape
- Team of 28 specialists ensuring regulatory compliance

**Collaborative relationship with regulators**

cfpb Consumer Financial Protection Bureau

FEDERAL TRADE COMMISSION PROTECTING AMERICA'S CONSUMERS

## Encore's issuer certification program is a key differentiator

MCM averages roughly 35 issuer audits and due diligence exercises per year

- The certifications received through these audits are a prerequisite for purchasing debt from issuers
- Encore has achieved certification from all major domestic issuers who sell their charged-off accounts

**Issuer Review / Audit Process**

Cycle I: Request for information → Cycle II: On-Site Audit → Cycle III: Post On-Site Follow-Up Requests → Cycle IV: Audit Report Received → Approval / Certification

"Encore by far is the most transparent, prepared, and buttoned up of any debt buyer we've audited. You have raised and set a new bar in the industry."

*- Top 5 Credit Card Issuer*

# HIGHLY EXPERIENCED OPERATOR IN TIGHTLY REGULATED ENVIRONMENT

## Leading track record of regulatory approval

- First large U.K. CMS company to receive full FCA authorization
- In-house legal expertise regulated by the Solicitor Regulation Authority (SRA)

FCA

Solicitors Regulation Authority

## Recognized industry leadership

Credit Excellence Awards 2018 — ***Best law firm*** ***WINNER***

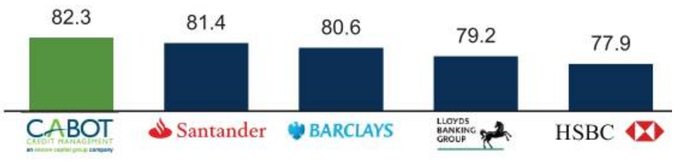
CCS Awards — ***Best legal service provider*** ***WINNER***

Credit Awards 2019 — ***Best vulnerable consumer strategy*** ***WINNER***

The Institute of Customer Service — ***UK Customer Satisfaction Awards 2019*** ***WINNER***

## U.K. consumer satisfaction index[1]

(Comparison with selected banks)

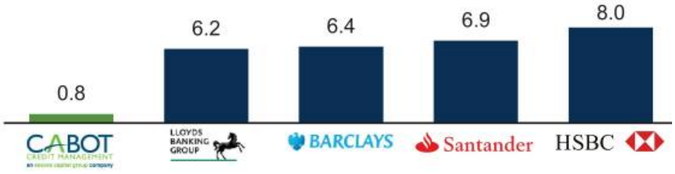



## Google reviews[2]

(Google rating out of 5 stars, selection of peers that management believes are key competitors for comparison purposes)


## Self-reported complaints[3]

(# of complaints received per 1,000 accounts, comparison with selected banks)



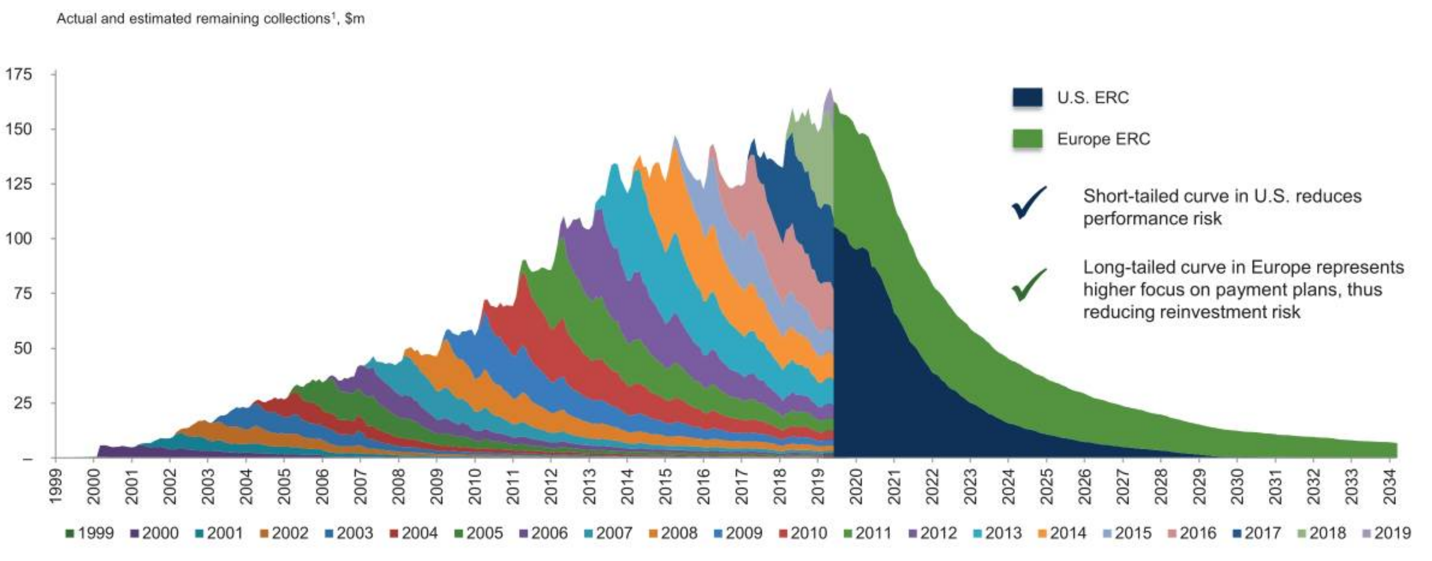

encore CAPITAL GROUP

Source: Company information.
1) Consumer satisfaction survey run by the Institute of consumer Service. Respondents are asked to rate their experience of individual organizations they have dealt with in the previous three months, using a scale of 1 – 10. These scores are then multiplied by ten so that the index scores are expressed as a number out of 100.
2) Data collected from Google reviews web page as of 6 September 2019. Cabot rating represents Cabot Financial, our UK debt purchase subsidiary.
3) Data for the period H2 2018.

# C. 20+ years of experience have created a large, diversified back-book generating resilient cash flows

# BACK-BOOK CONSISTS OF GRANULAR, RELIABLE CASH FLOWS FROM 20+ YEARS OF EXPERIENCE

## Historical and future estimated remaining collections




Note: Financials and back-book granularity as of Q2 2019.

1) Represents, for MCM and Cabot, actual collections through Q2 2019 and estimated collections going forward. Actual collections and future expected remaining collections reflect monthly collections presented on a rolling three month average basis.

# DEMONSTRATED BACK-BOOK RESILIENCE DURING PERIODS OF ECONOMIC STRESS

## Unprecedented stress during financial crisis

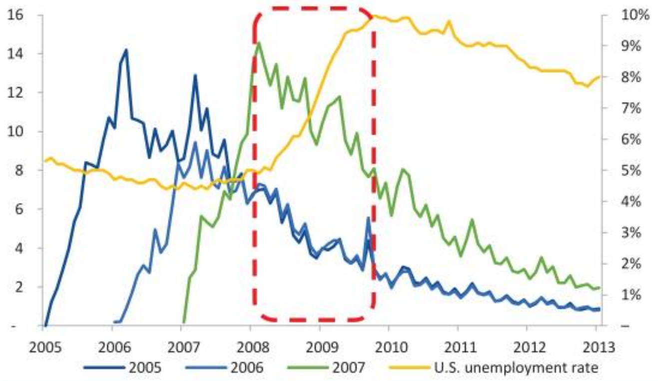
Extract from Encore 2008 10-K:

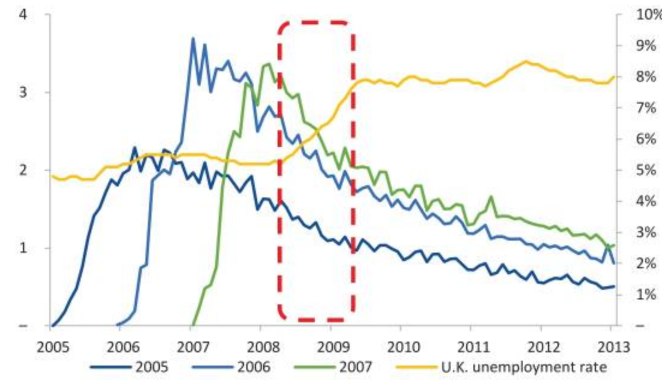
*"The United States and global economies are currently in turmoil. In the U.S., the availability of credit is limited, unemployment rates are at 25-year highs as more layoffs are announced weekly, credit card charge-offs and deliquencies have increased more than 33% in the last year, home foreclosures hace dramatically increased and the housing market is experiencing a significant downturn…*

*… As a result of the deteriorating economic conditions, … we have seen a shift in payments from consumers from single payment settlements to payment plans…*

*… prices for fresh charge-offs (receivables that are sold immediately after charge-off) have declined from 8% – 13% of face value in early 2008 to 6% – 10% of face value in late 2008."*

## Limited impact on back-book collections



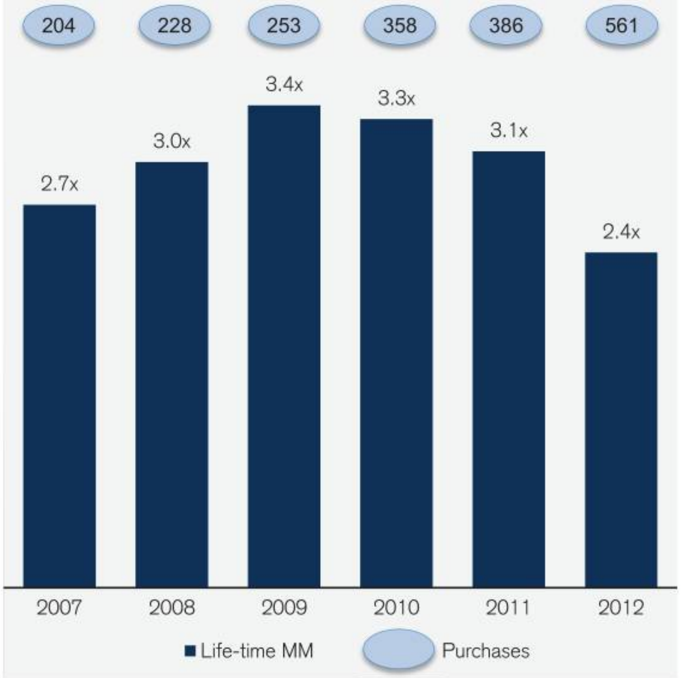

Source: Company information, United Kingdom Office of National Statistics, Federal Reserve.

Period of rising unemployment

# THE FINANCIAL CRISIS PROVIDED SIGNIFICANT OPPORTUNITIES FOR MCM

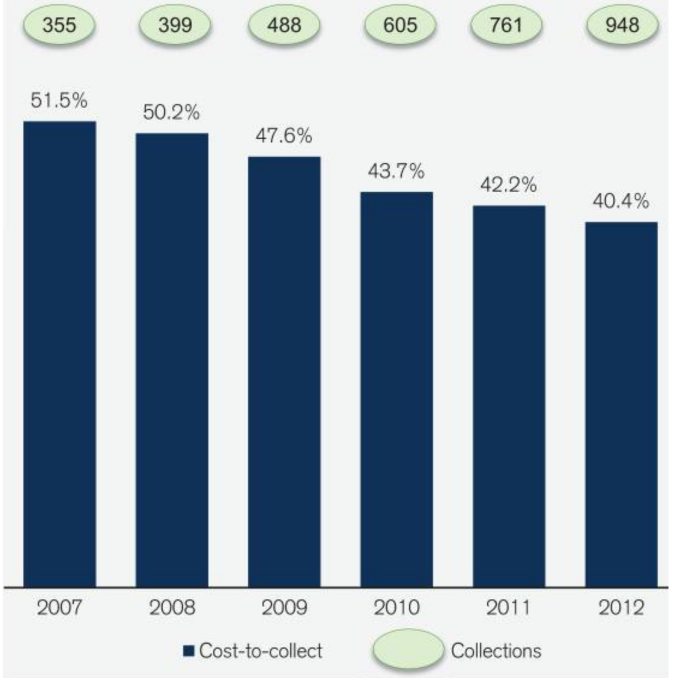
**MCM increased its level of investment at attractive returns…**

Purchases and life-time money multiples, US$ millions



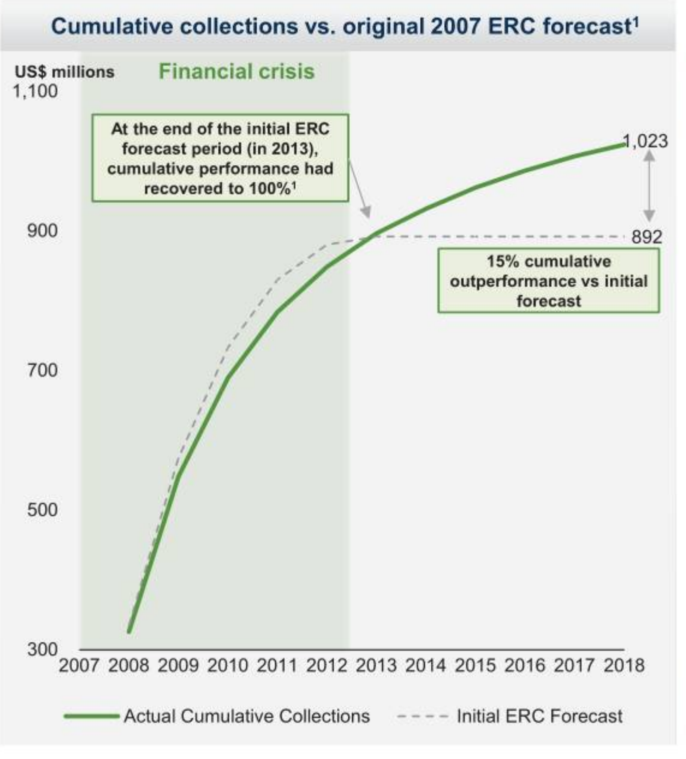

**… and significantly improved its collection efficiency**

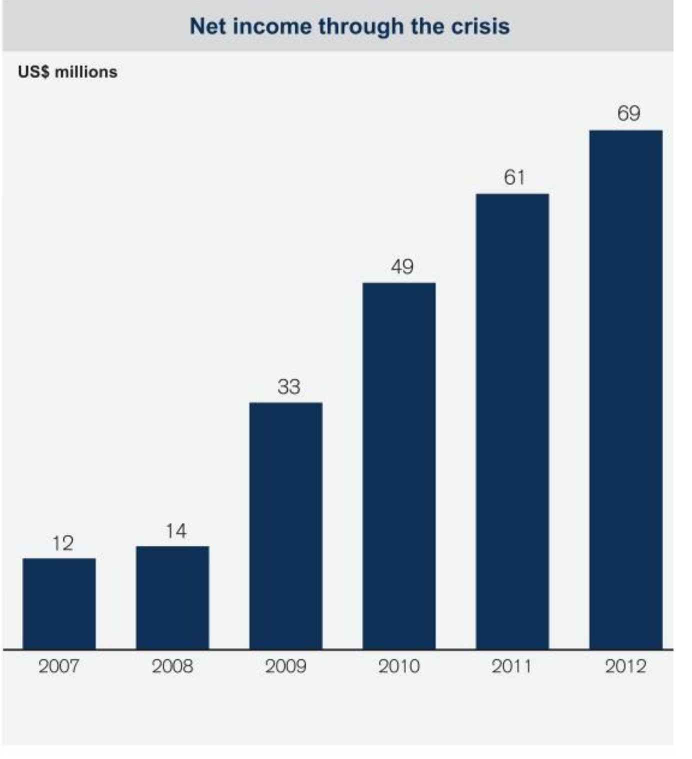
Collections and cost-to-collect, US$ millions




Note: As of Q2 2019. Life-time money multiples: actual collections plus estimated remaining collections for a given vintage as a multiple of original purchase price. Management utilizes adjusted operating expenses in order to facilitate a comparison of approximate costs to cash collections for our portfolio purchasing and recovery business (cost-to-collect). Adjusted operating expenses for our portfolio purchasing and recovery business are calculated by starting with GAAP total operating expenses and backing out operating expenses related to non-portfolio purchasing and recovery business, acquisition, integration and restructuring related operating expenses, stock-based compensation expense, settlement fees and related administrative expenses and other charges or gains that are not indicative of ongoing operations

# STRENGTH OF BACK-BOOK COLLECTIONS UNDERPINNED PROFITABILITY THROUGH THE CRISIS



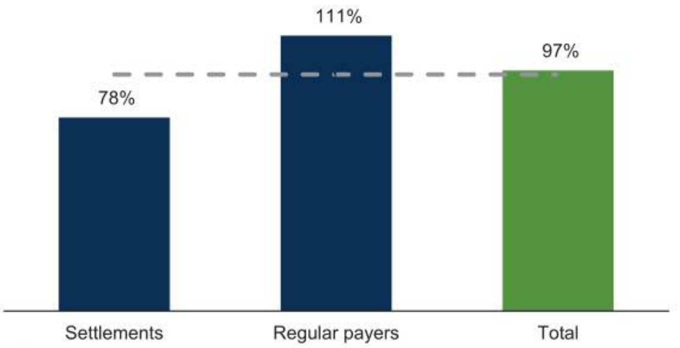




Source: Company information.
1) In 2007, ERC forecast was through 2013 only.

encore CAPITAL GROUP

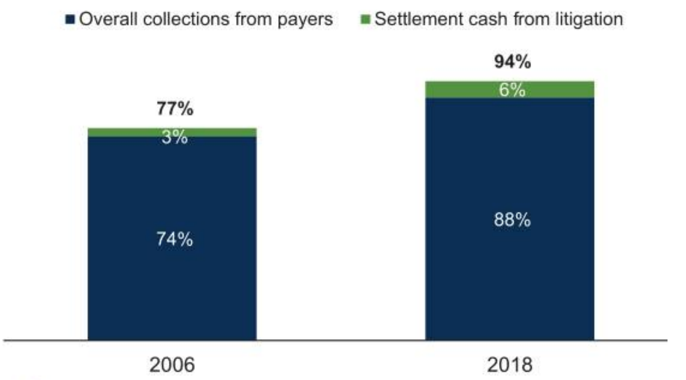
# U.K. PAYERS ARE RESILIENT – PAYING ACCOUNTS COMPRISE MORE OF OUR U.K. COLLECTIONS POST CRISIS

## Cumulative performance of 2005 vintage vs IC[1] estimates




- Overall cumulative performance at 97% of initial pricing curve
- Cash flow tail still generates incremental value – 4.6% of investment value in past 12 months
- Demonstrates resilience of regular payers during financial crisis

## Greater proportion of collections from resilient sources

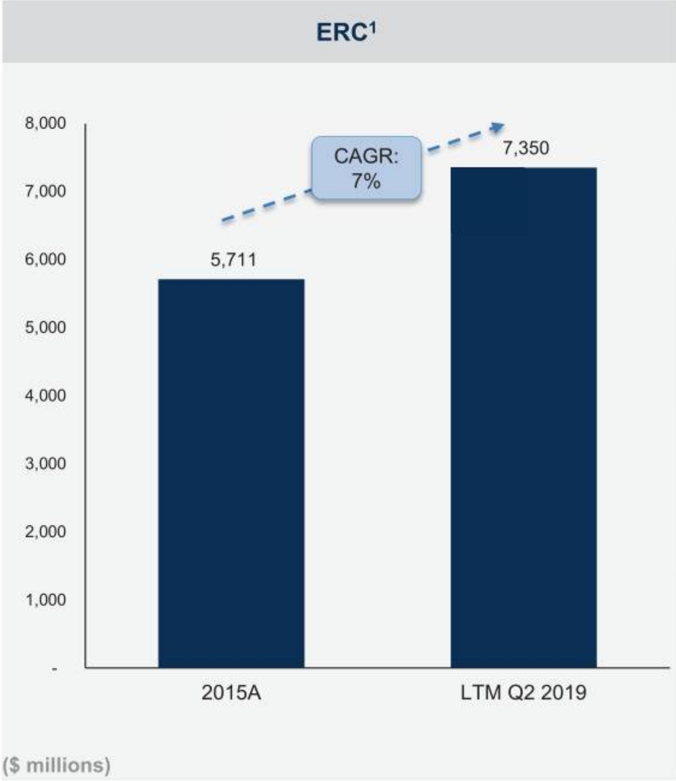


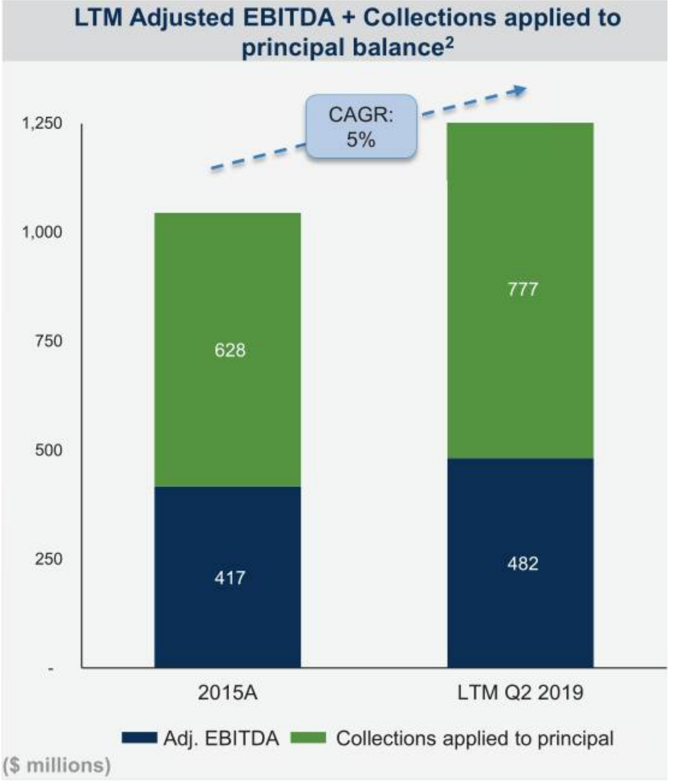

- Greater proportion of collections from payers (payment plans and settlements), who demonstrated resilience during the financial crisis
- Increase in collections from litigation activity (including security over property)
- Significant reduction in collections expected to be at risk in the event of macro economic stress (down from 23% to 6%)

Note: Cabot + Marlin U.K. portfolios originated in 2005.
1) Cumulative performance up until Mar-19. IC estimates refer to initial estimates approved by the investment committee.

# D. Strong operating performance and discipline support Encore's healthy financial profile

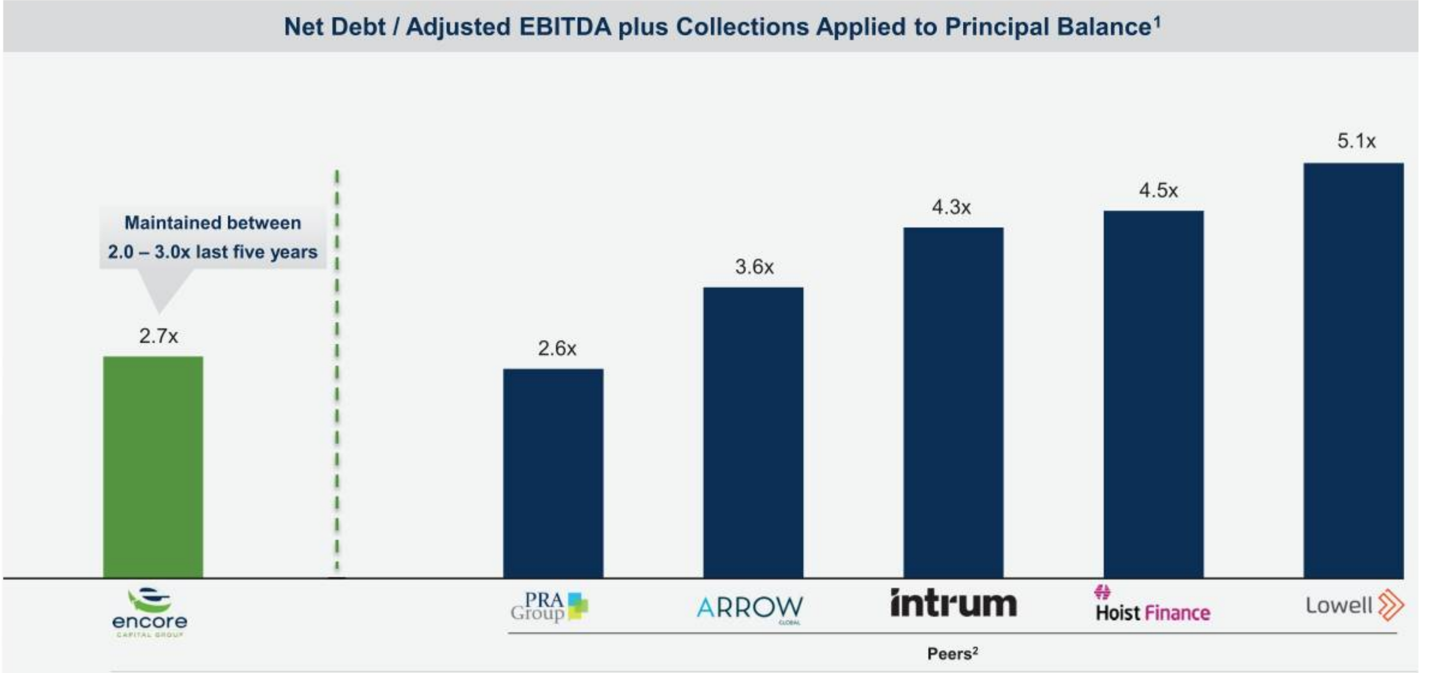
# SOLID GROWTH IN VOLUMES AND CASH PROFITABILITY




Note: As of 30-Jun-2019.
1) Represents 180 month ERC.
2) See appendix for a reconciliation of Adjusted EBITDA to GAAP net income.

# ENCORE'S LEVERAGE IS LOW COMPARED TO PEERS



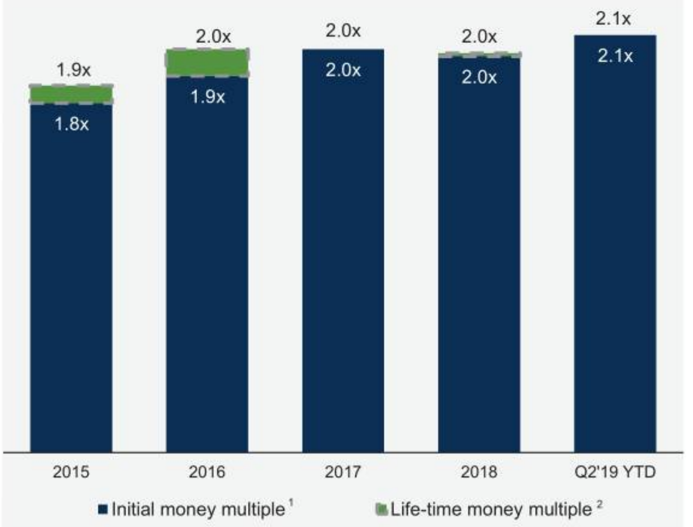

| Rating: S&P \| Moody's | PRA Group | Arrow | Intrum | Hoist Finance | Lowell |
|---|---|---|---|---|---|
| | NR[3] \| NR[3] | BB- \| Ba3 | BB+ \| Ba2 | NR[3] \| Baa3 | B+ \| B2 |

Note: Net debt represents debt less unrestricted cash and cash equivalents excluding client cash. See Appendix for a reconciliation of Net Debt to GAAP Debt.
1) See appendix for a reconciliation of Adjusted EBITDA to GAAP net income.
2) Peers leverage sourced from public filings. Data as of Q2'19, except for Hoist (Q4'18).
3) NR: Not rated.

# DEPLOYING CAPITAL AT STRONGER MONEY MULTIPLES AND ACHIEVING GREATER OPERATIONAL EFFICIENCY…

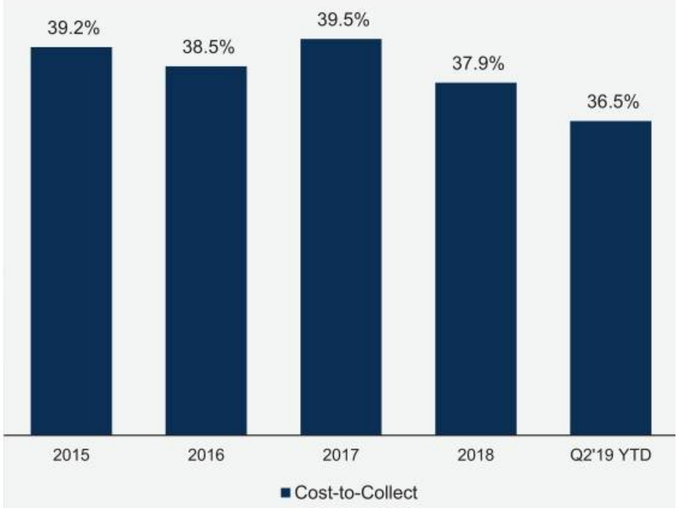
## Global collections multiples

- 17% improvement in our initial money multiple
- MCM deployments at consistently improving multiples since 2015 as market conditions have improved
- Cabot deployments at improving returns, albeit with a shift in 2017 and 2018 to paying portfolios (lower multiples, lower cost to collect)



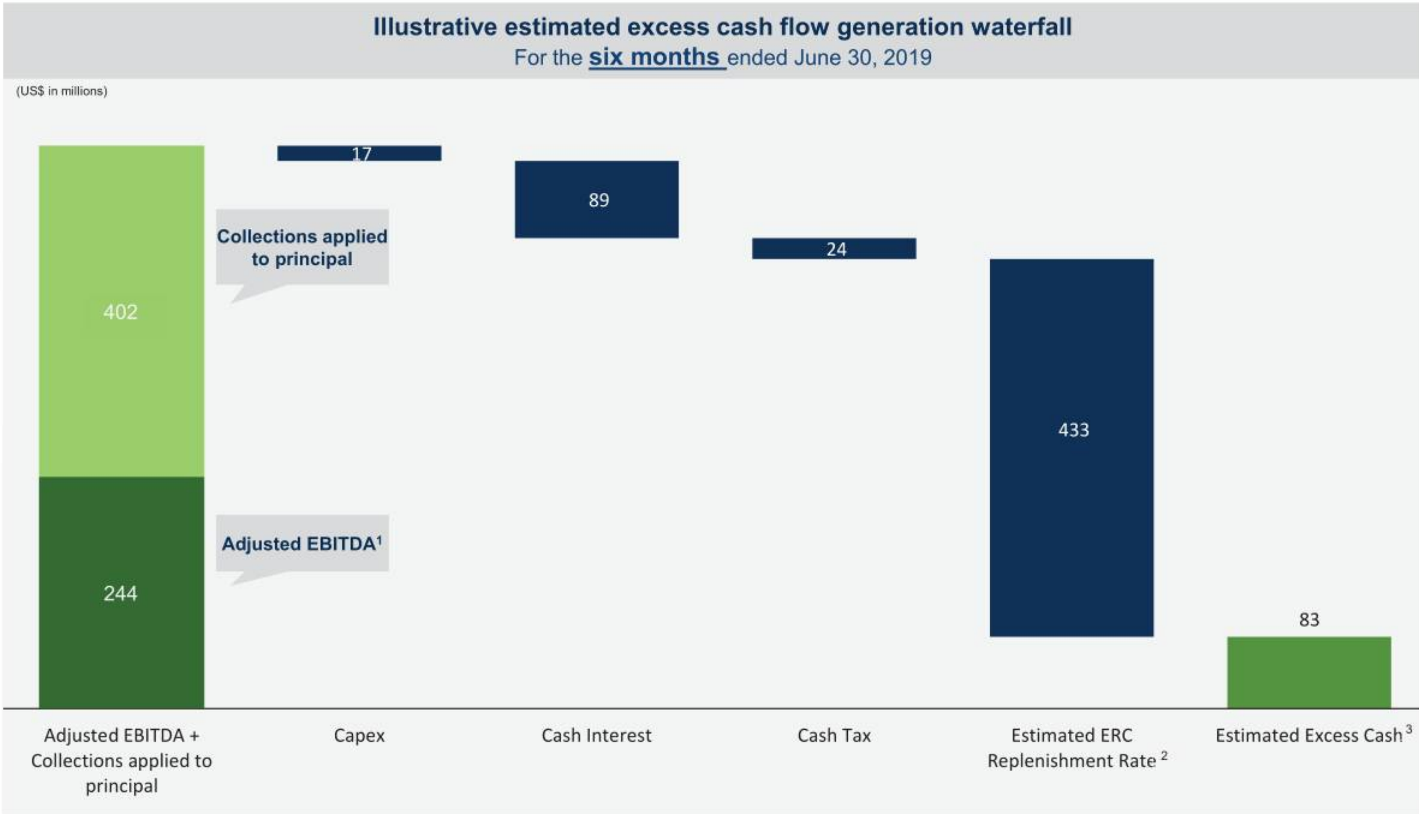

## Overall cost-to-collect[3]

- 7% reduction in cost-to-collect leveraging scale to drive improvements
- MCM driving cost efficiencies through channel optimization and effective growth in lower cost locations
- Cabot delivering margin improvements through on-going program of cost efficiencies, and recent focus on paying portfolios




1) Based on expected cumulative collections at the time of portfolio acquisition.
2) Calculated as (collections to date plus ERC) / purchase price.
3) Cost-to-collect presented on a reported basis for portfolio purchasing and recovery.

# … TO ENABLE STRONG CASH FLOW GENERATION




1) See Appendix for a definition and reconciliation of Adjusted EBITDA to GAAP net income.
2) Estimated ERC Replenishment Rate represents management's estimate of the amount of purchases that were needed to replenish ERC in order to maintain a steady state ERC balance. The Estimated ERC Replenishment Rate is an illustrative calculation based on management's estimates and assumptions with respect to money multiples and the amount of ERC to be replenished. The Estimated ERC Replenishment Rate may be determined or calculated differently by other companies. Actual purchases made during the period were $505 million. See Appendix for the calculation the Estimated ERC Replenishment Rate.
3) Estimated Excess Cash represents management's calculated sum of the amounts and estimates set forth on this page. It is provided for illustrative purposes only and does not represent actual cash flows during any period or amount of cash available at any time.

# ENCORE – A HIGHLY ATTRACTIVE CREDIT STORY

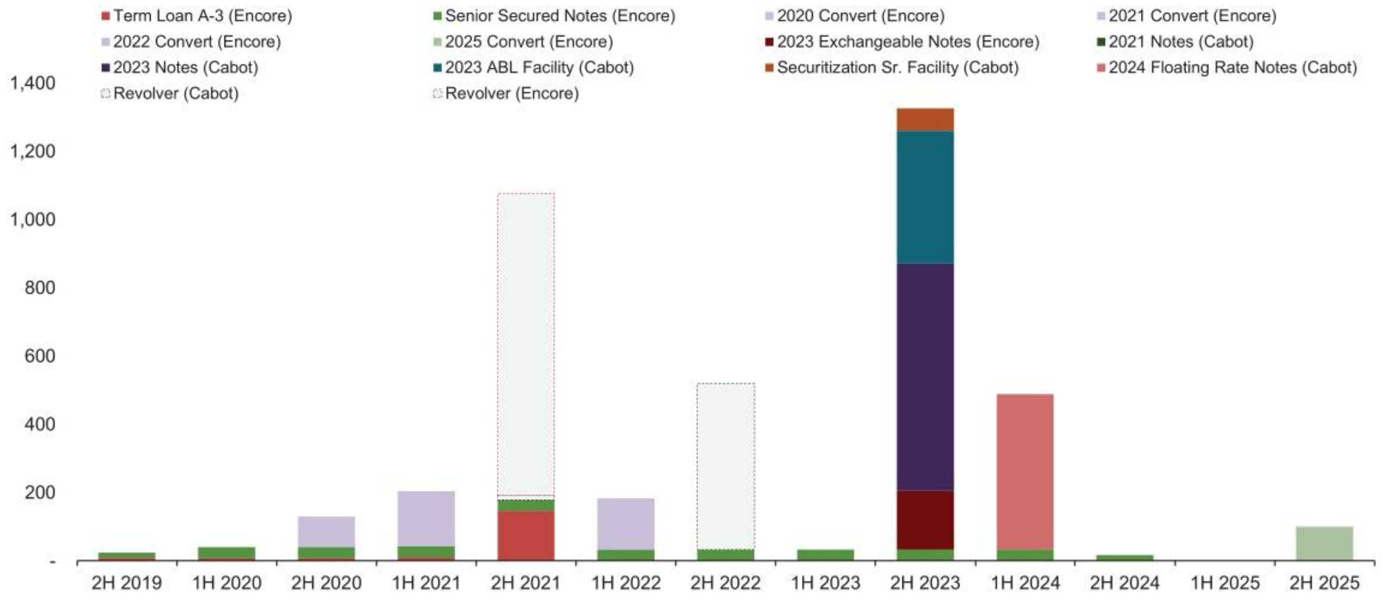
- **A** A leading operator in our core U.S. and U.K. markets with attractive long term growth prospects and high barriers to entry
- **B** Our scale, operational differentiation and compliance excellence drive strong risk adjusted returns
- **C** 20+ years of experience have created a large, diversified back-book generating resilient cash flows
- **D** Strong operating performance and capital allocation discipline support Encore's healthy financial profile

encore CAPITAL GROUP

# Appendix

# LIMITED NEAR TERM DEBT MATURITIES

**Disciplined construction of capital stack with well spread debt maturities**
As at June 30 2019




**Average life of debt** 3.5 years

**Average life of back book ERC** 3.2 years

Note: Pro Forma for the September 2019 issuance of $100.0m of the 2025 Convert (Encore) and the repurchase of $83.1m of the 2020 Convert (Encore).
Average life of back-book ERC defined as the number of years that pass from now (Q2 2019) until half the time-weighted ERC is collected.

# ESTIMATED ERC REPLENISHMENT RATE CALCULATION

## ERC Replenishment Rate Calculation
For the six-month period ending 30 Jun 2019

| | | |
|---|---|---|
| 12 month ERC at 30-Jun-19 | 1,822 | a |
| 12 month ERC at 31-Dec-18 | 1,783 | b |
| **Average 12 month ERC[1]** | **1,805** | (a+b)/2=c |
| Estimated initial money multiple[2] | 2.1x | d |
| **Estimated 6M ERC Replenishment Rate[3]** | **433** | c/d/2 |

***In line with:***
- ***Average initial money multiple over the past ten years***
- ***Q2 2019 YTD initial money multiple***

## Footnotes and definitions

1) Average 12-month ERC represents management's estimate of the amount of ERC that would need to be replenished in order to maintain a steady state ERC balance. Utilizing the Average 12-month ERC to estimate the ERC Replenishment Rate may result in understating the ERC Replenishment Rate as the method assumes that all purchases are made at period end. Management utilizes Average 12-month ERC to estimate the ERC Replenishment Rate to enable comparability amongst competitors, many of whom utilize this same method.

2) Money multiples represent total expected gross cash collections divided by portfolio acquisition price. Initial money multiple represents the money multiple reported at the end of the year of acquisition.

3) Estimated ERC Replenishment Rate represents management's estimate of the amount of purchases that were needed to replenish ERC in order to maintain a steady state ERC balance. The Estimated ERC Replenishment Rate is an illustrative calculation based on management's estimates and assumptions with respect to money multiples and the amount of ERC to be replenished. The Estimated ERC Replenishment Rate may be determined or calculated differently by other companies. The Estimated 6 month ERC Replenishment Rate is equal to the estimated annual ERC Replenishment Rate divided by 2. Actual purchases during the period were $505 million.

# RECONCILIATION OF ADJUSTED EBITDA

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

| | 09/30/15 | 12/31/15 | 03/31/16 | 06/30/16 | 09/30/16 | 12/31/16 | 03/31/17 | 06/30/17 |
|---|---|---|---|---|---|---|---|---|
| GAAP net income (loss), as reported | $ (9,364) | $ 1,596 | $ 26,607 | $ 30,833 | $ (51,946) | $ 11,323 | $ 14,979 | $ 19,07 |
| (Income) loss from discontinued operations, net of tax | (2,286) | 29,214 | 3,182 | - | - | (829) | 199 | - |
| Interest expense | 47,816 | 50,187 | 50,691 | 50,597 | 48,632 | 48,447 | 49,198 | 50,516 |
| Interest income[1] | (407) | (473) | (499) | (620) | (694) | (725) | (779) | (919 |
| Provision (Benefit) for income taxes | (6,361) | 3,988 | 10,148 | 13,451 | (13,768) | 28,374 | 12,067 | 13,531 |
| Depreciation and amortization | 8,043 | 9,102 | 9,861 | 8,235 | 8,032 | 8,740 | 8,625 | 8,672 |
| Stock-based compensation expense | 5,156 | 4,749 | 3,718 | 5,151 | 633 | 3,125 | 750 | 2,760 |
| Acquisition, integration and resructuing related expenses[2] | 2,235 | 2,635 | 2,141 | 3,271 | 3,843 | 7,457 | 855 | 3,520 |
| Settlement fees and related administrative expenses[3] | 63,019 | - | 2,988 | 698 | 2,613 | - | - | - |
| Gain on fair value adjustments ot contingent considerations[4] | - | - | - | - | - | (8,111) | - | (2,773 |
| Expenses related to Cabot IPO[5] | - | - | - | - | - | - | - | - |
| Loss on derivatives in connection with Cabot Transaction[6] | - | - | - | - | - | - | - | - |
| Adjusted EBITDA | $ 107,851 | $ 100,998 | $ 108,837 | $ 111,616 | $ (2,655) | $ 97,801 | $ 85,894 | $ 94,38 |
| Collections applied to prinicpal balance[7] | 156,229 | 144,075 | 177,711 | 166,648 | 247,427 | 147,203 | 188,893 | 173,946 |

1) In the fourth quarter of 2016, we made a change to our presentation of adjusted EBITDA to adjust for interest income. In previous years we did not include interest income as an adjustment because it was immaterial. We have updated prior periods for comparability.

2) 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.

3) Amount represents litigation and government settlement fees and related administrative expenses. For the year ended December 31, 2016, amount consists of settlement and administrative fees related to certain TCPA settlements. For the year ended December 31, 2015, amount relates to the consent order with the CFPB that we entered into in September 2015. We believe these fees and expenses are not indicative of ongoing operations; therefore adjusting for these expenses enhances comparability to prior periods, anticipated future periods, and our competitors' results.

4) Amounts represent the gain recognized as a result of fair value adjustments to contingent considerations that were established for our acquisitions of debt solutions service providers in Europe. We have adjusted for these amounts because we do not believe these are indicative of ongoing operations.

5) Amount represents expenses related to the proposed and later withdrawn initial public offering by Cabot in 2017. 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.

6) 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.

7) Collections applied to principal balance represents (a) gross collections from receivable portfolios less (b) revenue from receivable portfolios and (c) allowance charges or allowance reversals on receivable portfolios.

# RECONCILIATION OF ADJUSTED EBITDA (CONT'D)

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

| | 09/30/17 | 12/31/17 | 03/31/18 | 06/30/18 | 09/30/18 | 12/31/18 | 03/31/19 | 06/30/19 |
|---|---|---|---|---|---|---|---|---|
| GAAP net income (loss), as reported | $ 42,144 | $ 2,779 | $ 23,713 | $ 26,974 | $ 13,016 | $ 46,033 | $ 49,442 | $ 36,822 |
| (Income) loss from discontinued operations, net of tax | - | - | - | - | - | - | - | - |
| Interest expense | 52,755 | 51,692 | 57,462 | 60,536 | 65,094 | 56,956 | 54,967 | 63,913 |
| Interest income[1] | (943) | (994) | (1,017) | (1,082) | (747) | (499) | (1,022) | (1,238) |
| Provision (Benefit) for income taxes | 17,844 | 8,607 | 9,470 | 11,308 | 16,879 | 9,095 | 3,673 | 11,753 |
| Depreciation and amortization | 8,522 | 14,158 | 10,436 | 10,923 | 9,873 | 9,996 | 9,995 | 9,741 |
| Stock-based compensation expense | 3,531 | 3,358 | 2,276 | 3,169 | 5,007 | 2,528 | 1,826 | 3,581 |
| Acquisition, integration and resructuing related expenses[2] | 342 | 7,245 | 572 | 3,655 | 8,475 | (5,179) | 1,208 | 1,318 |
| Settlement fees and related administrative expenses[3] | - | - | - | - | - | - | - | - |
| Gain on fair value adjustments ot contingent considerations[4] | - | (49) | (2,274) | (2,378) | - | (1,012) | - | (2,199) |
| Expenses related to Cabot IPO[5] | - | 15,339 | 2,984 | - | - | - | - | - |
| Loss on derivatives in connection with Cabot Transaction[6] | - | - | - | 6,578 | 2,737 | - | - | - |
| Adjusted EBITDA | $ 124,195 | $ 102,135 | $ 103,622 | $ 119,683 | $ 120,334 | $ 117,918 | $ 120,089 | $ 123,691 |
| Collections applied to prinicpal balance[7] | 159,408 | 150,788 | 198,282 | 185,799 | 199,457 | 175,476 | 201,328 | 200,323 |

1) In the fourth quarter of 2016, we made a change to our presentation of adjusted EBITDA to adjust for interest income. In previous years we did not include interest income as an adjustment because it was immaterial. We have updated prior periods for comparability.
2) 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.
3) Amount represents litigation and government settlement fees and related administrative expenses. For the year ended December 31, 2016, amount consists of settlement and administrative fees related to certain TCPA settlements. For the year ended December 31, 2015, amount relates to the consent order with the CFPB that we entered into in September 2015. We believe these fees and expenses are not indicative of ongoing operations; therefore adjusting for these expenses enhances comparability to prior periods, anticipated future periods, and our competitors' results.
4) Amounts represent the gain recognized as a result of fair value adjustments to contingent considerations that were established for our acquisitions of debt solutions service providers in Europe. We have adjusted for these amounts because we do not believe these are indicative of ongoing operations.
5) Amount represents expenses related to the proposed and later withdrawn initial public offering by Cabot in 2017. 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.
6) 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.
7) Collections applied to principal balance represents (a) gross collections from receivable portfolios less (b) revenue from receivable portfolios and (c) allowance charges or allowance reversals on receivable portfolios.

# RECONCILIATION OF NET DEBT

**Reconciliation of Net Debt**
(Unaudited, In $ Thousands)

| | 31-Dec-18 | 30-Jun-19 |
|---|---|---|
| GAAP debt | 3,490,633 | 3,529,717 |
| Add back: Debt issuance costs and debt discounts | 85,147 | 73,248 |
| Less: Finance lease liabilities | (7,563) | (8,429) |
| Less: Cash and cash equivalents | (157,418) | (168,565) |
| Add back: Client cash[1] | 21,800 | 24,200 |
| **Net debt** | **3,432,599** | **3,450,171** |

| | 31-Dec-18 | 30-Jun-19 |
|---|---|---|
| Encore revolving credit facility | 429,000 | 496,000 |
| Encore term loan facility | 195,056 | 179,320 |
| Encore senior secured notes | 325,000 | 325,000 |
| Encore convertible notes and exchangeable notes | 656,000 | 656,000 |
| Less: Debt discount | (36,361) | (29,994) |
| Cabot senior secured notes | 1,111,399 | 1,106,031 |
| Less: Debt discount | (1,477) | – |
| Cabot senior revolving credit facility | 298,005 | 291,435 |
| Cabot securitisation senior facilities | 445,837 | 444,455 |
| Other credit facilities | 43,354 | 41,088 |
| Other | 64,566 | 55,207 |
| Finance lease liabilities | 7,563 | 8,429 |
| **Gross debt** | **3,537,942** | **3,572,971** |
| Less: Debt issuance costs, net of amortization | (47,309) | (43,254) |
| **GAAP debt** | **3,490,633** | **3,529,717** |

1) Client Cash is cash that was collected on behalf of, and remains payable to, third party clients.

encore CAPITAL GROUP