



# WILLIAM BLAIR GROWTH STOCK CONFERENCE

**KEN VECCHIONE**  
**PRESIDENT AND CEO**

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June 11, 2015

Chicago, IL

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## SAFE HARBOR

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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, shareholder return, capital deployment 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, as they may be amended from time to time. The Company disclaims any intent or obligation to update these forward-looking statements.

# ENCORE IS A TOP-TIER, GLOBAL PLAYER IN THE CONSUMER DEBT PURCHASING AND RECOVERY INDUSTRY

## Scale

**\$1B**  
Market Cap

**\$1.6B**  
2014 Collections

**\$5.1B**  
Estimated Remaining Collections

## Global Reach

**9**  
Countries

**1/5**  
US Consumers

**1/8**  
UK Consumers

**1/10**  
Colombian Consumers

## Trajectory

**31%**  
Adjusted EBITDA<sup>1</sup>  
5-year CAGR

**29%**  
Economic EPS<sup>2</sup>  
5-year CAGR

1. Adjusted EBITDA is a non-GAAP number which the company considers to be and utilizes as a meaningful indicator of operating performance. See Reconciliation of Adjusted EBITDA to GAAP Net Income at the end of this presentation. 2. Economic EPS is a non-GAAP number which the company considers to be and utilizes as a meaningful indicator of operating performance. See Reconciliation of Economic EPS to GAAP earnings per share at the end of this presentation.

# ENCORE PLAYS AN IMPORTANT ROLE IN SUPPORTING ACCESS TO CONSUMER CREDIT GLOBALLY

## United States

**As the economy recovers, consumer indebtedness increases**

- Total debt up 2% since 2014
- Unsecured debt up 5.6% since 2014

## United Kingdom

**Steady rise in consumer credit and indebtedness**

- Total debt up 2% since 2014
- Consumer credit up 6.4% since 2014

## Latin America

**Markets experiencing a massive surge in consumer credit**

- Consumer credit with a double-digit five-year CAGR in key markets

**We enable creditors to better serve consumers**

- Reduce losses from delinquent debt
- Contribute to profitability and solvency of financial system
- Enhance resilience of financial system

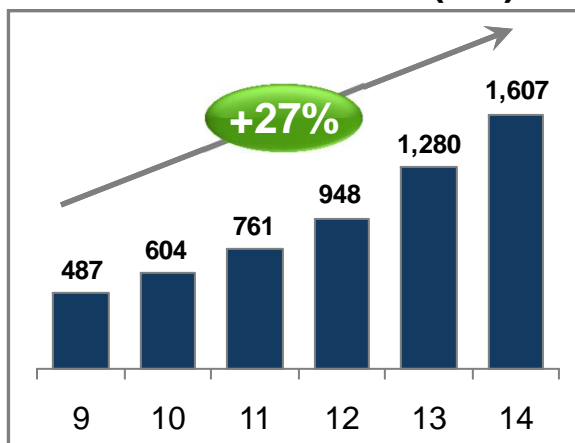
**We enable consumers to increase their access to credit**

- Help consumers to rehabilitate their credit history
- Increase the number and variety of lenders available

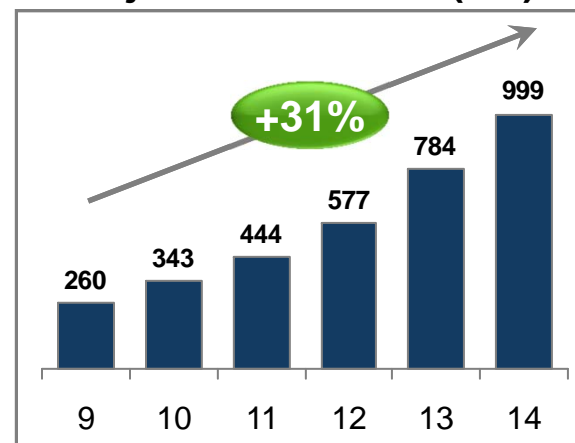
# ENCORE HAS DELIVERED A TRACK RECORD OF STRONG, SUSTAINABLE FINANCIAL RESULTS

Strong business fundamentals...

Cash collections (\$M)

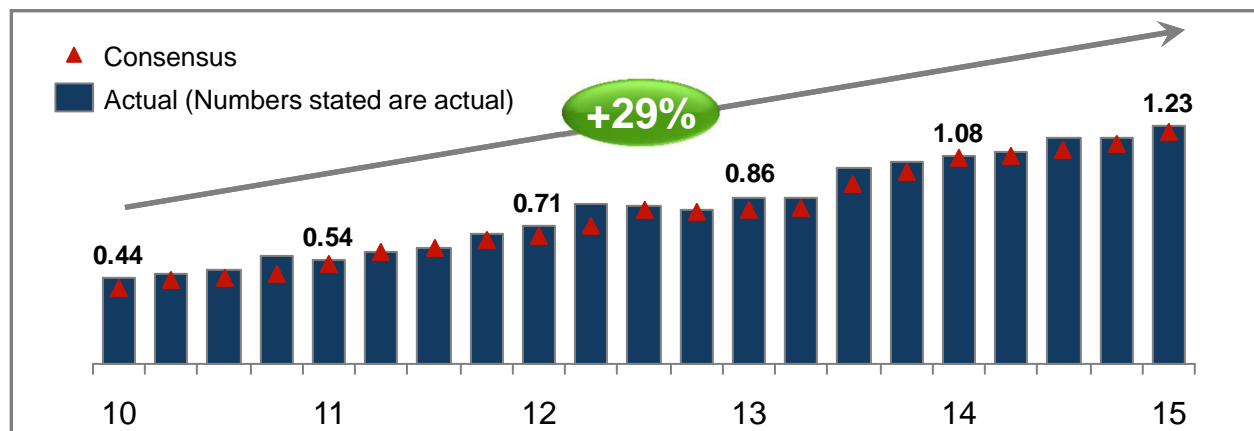


Adjusted EBITDA<sup>1</sup> (\$M)



...driving consistent, profitable growth

Economic EPS<sup>2</sup> vs. Consensus EPS<sup>3</sup>



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# ENCORE CONTINUES TO SUSTAIN AND EVOLVE WITH THE US CORE MARKET



# RECENT DEVELOPMENTS IN THE US DEBT MARKET ARE POSITIVE

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## Where markets stand today

### **Regulatory agencies (such as CFPB) are preparing to finalize regulation**

- Cost of compliance will make it difficult for sub-scale players to remain competitive

### **Further industry consolidation is expected**

### **Withdrawn suppliers are preparing to re-enter the market**

- Supply is expected to improve in the next 12–18 months

### **Purchase inventory is increasingly focused on fresh paper**

# WE EXPECT WITHDRAWN SUPPLIERS TO RETURN TO THE MARKET WITHIN THE NEXT 12 MONTHS

## Issuers were very clear about why they withdrew

*"We used to be completely focused on revenue, now all of the focus is on the risk of compliance incidents."*

*"We want to see our vendors have strong compliance, risk and oversight processes."*

*"Data quality and sharing is my number one concern"*

*"Debt buyers must understand the consumer experience issuers want to create."*

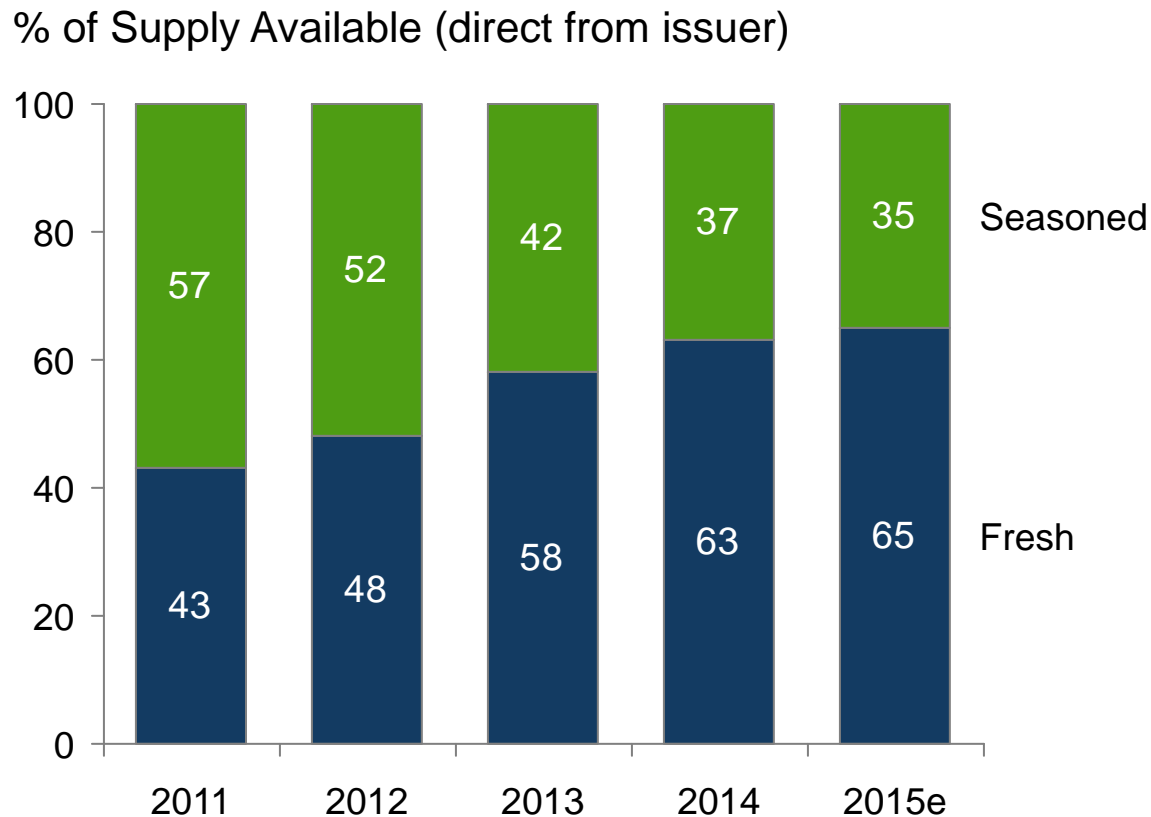
## ... and when they return we will be well positioned

- ✓ Outstanding performance in issuer certifications
- ✓ Substantial, proactive investments in compliance
- ✓ Best in class capabilities in data security and quality management
- ✓ Development of consumer-centric collections processes



# THE US CORE MARKET IS INCREASINGLY FOCUSED ON FRESH PAPER

## 5 Year Shift in U.S. Core Market Supply



## Our response

- **Acquired ACF to benefit from their expertise in fresh paper**
- **Increased our purchase volume of fresh paper**
- **Launched Consumer-Focused programs to improve liquidations, emphasis on fresh paper**

Note: US Core represents all non BK direct from issuer unsecured credit card and personal installment loans; Fresh is defined as <6 months from charge off  
Seasoned is defined as >6 months from charge off

# CONSUMER-FOCUSED PROGRAMS ARE CRITICAL TO DRIVING STRONG RETURNS ON FRESH PAPER

## Prior Model

One size fits all servicing approach within call centers

Efficient: Find the consumer who is capable of paying

Transaction Focused: Quick and efficient

Limited interaction channels and payment flexibility



## Enhanced Model

Custom servicing approaches for different consumers

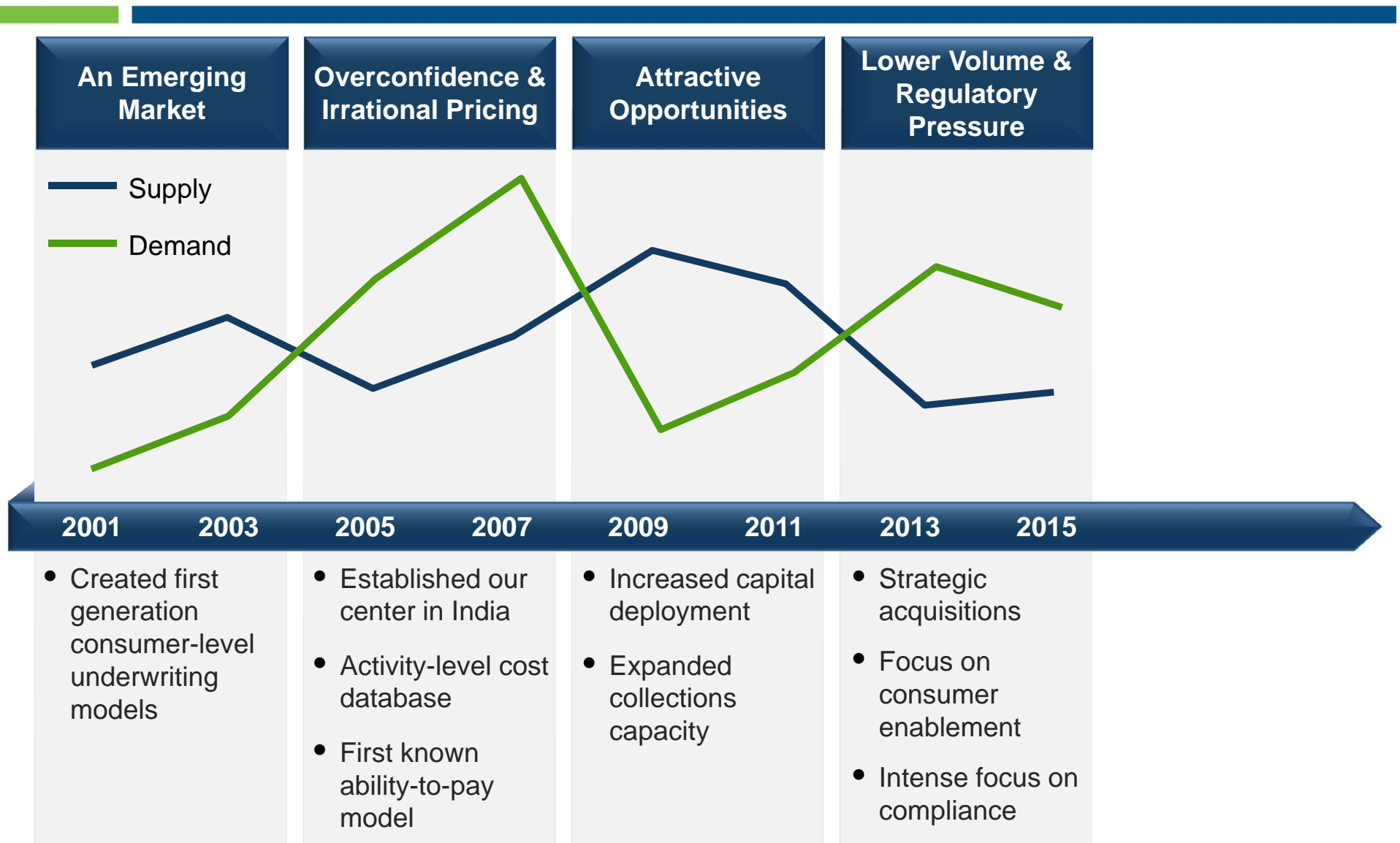
Effective: Enable the consumer to be able to pay

Relationship focused: Connect, listen, understand

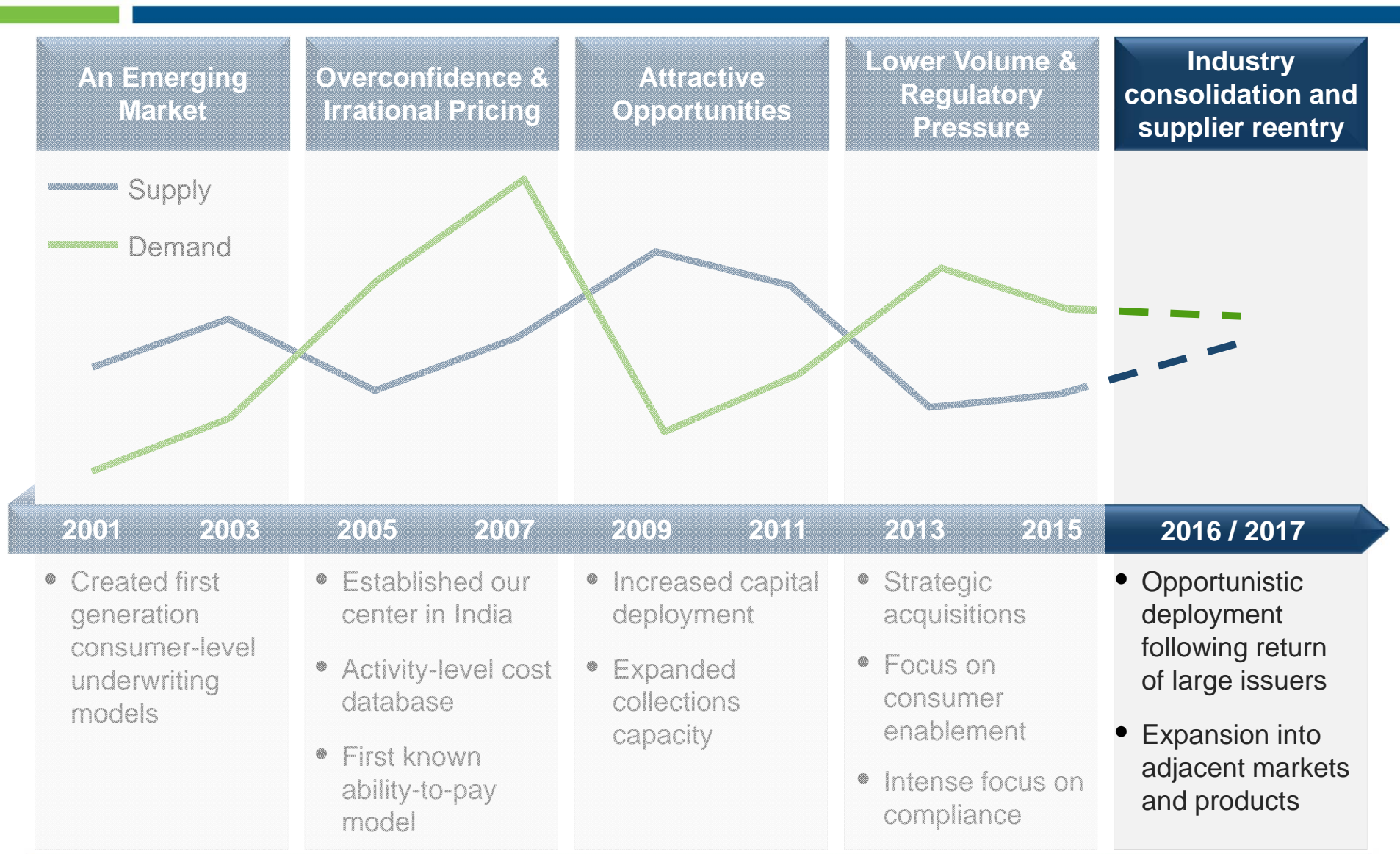
Expanded interaction channels and payment flexibility

We have maintained our low cost-to-collect through this transformation

# OUR STRATEGY ADAPTS TO INDUSTRY FLUCTUATIONS IN SUPPLY AND DEMAND...

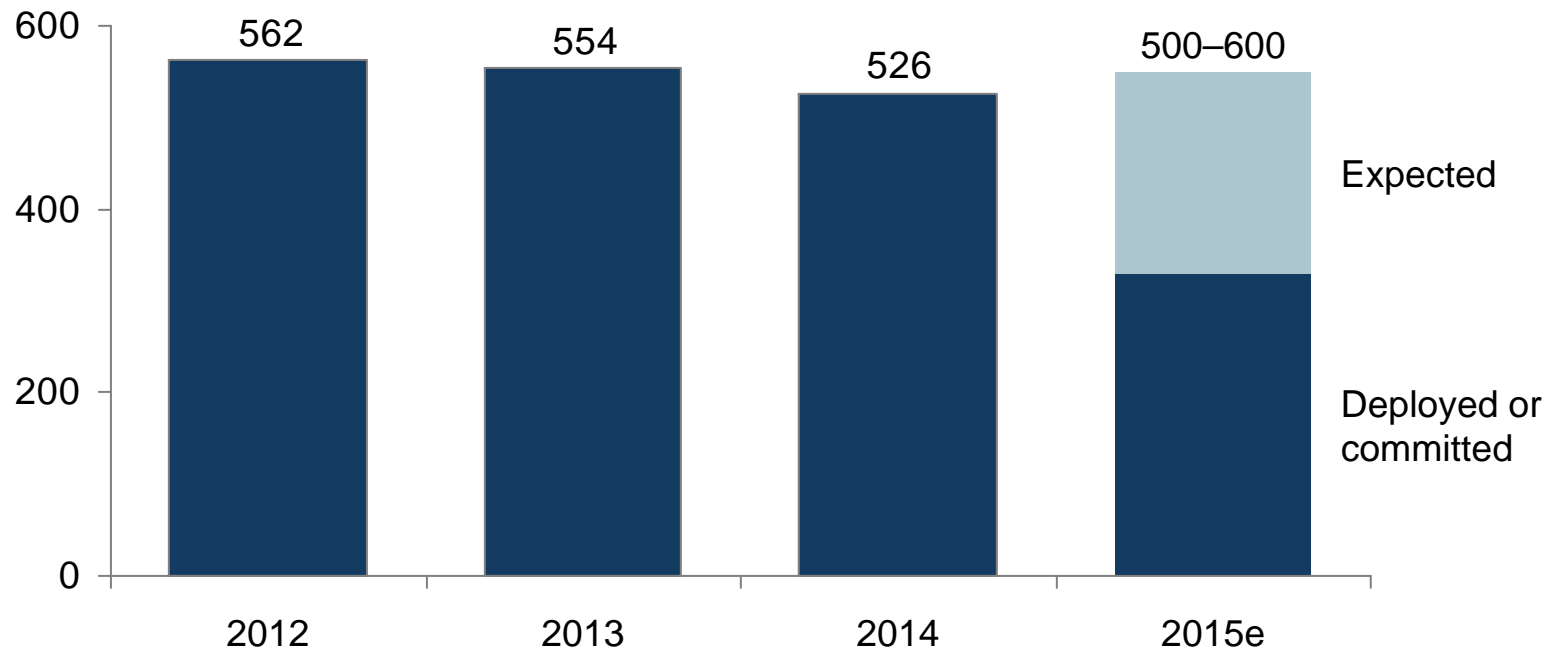


# ...AND WE ARE POISED TO TAKE ADVANTAGE OF IMPROVING MARKET DYNAMICS



# WE ARE ON-TRACK TO MEET OUR 2015 US CORE DEPLOYMENT TARGET

## US Core Deployment 2015e vs. Historical



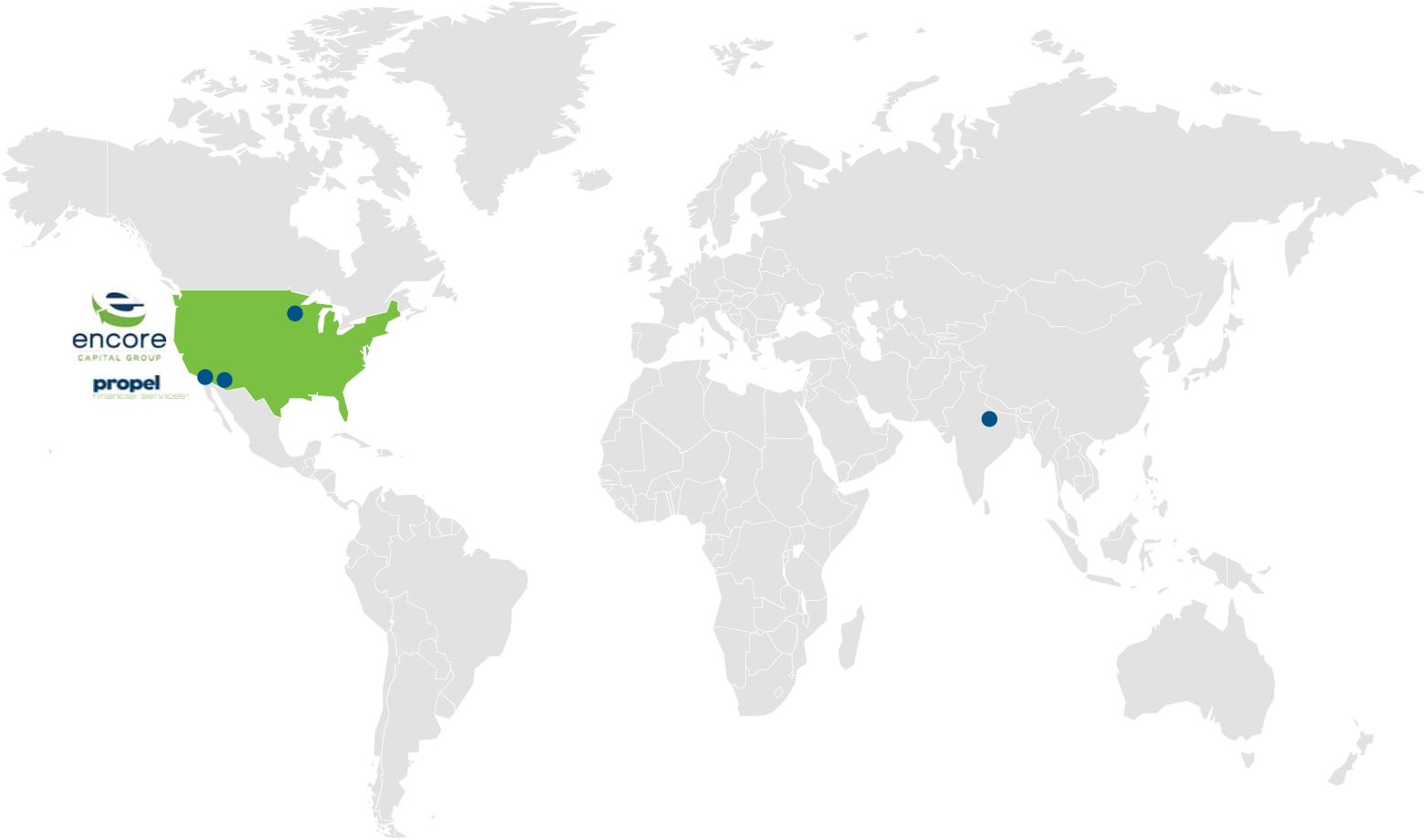
**Our deployment in the US core market remains steady at \$500M - \$600M / year**

Core deployment excludes Propel

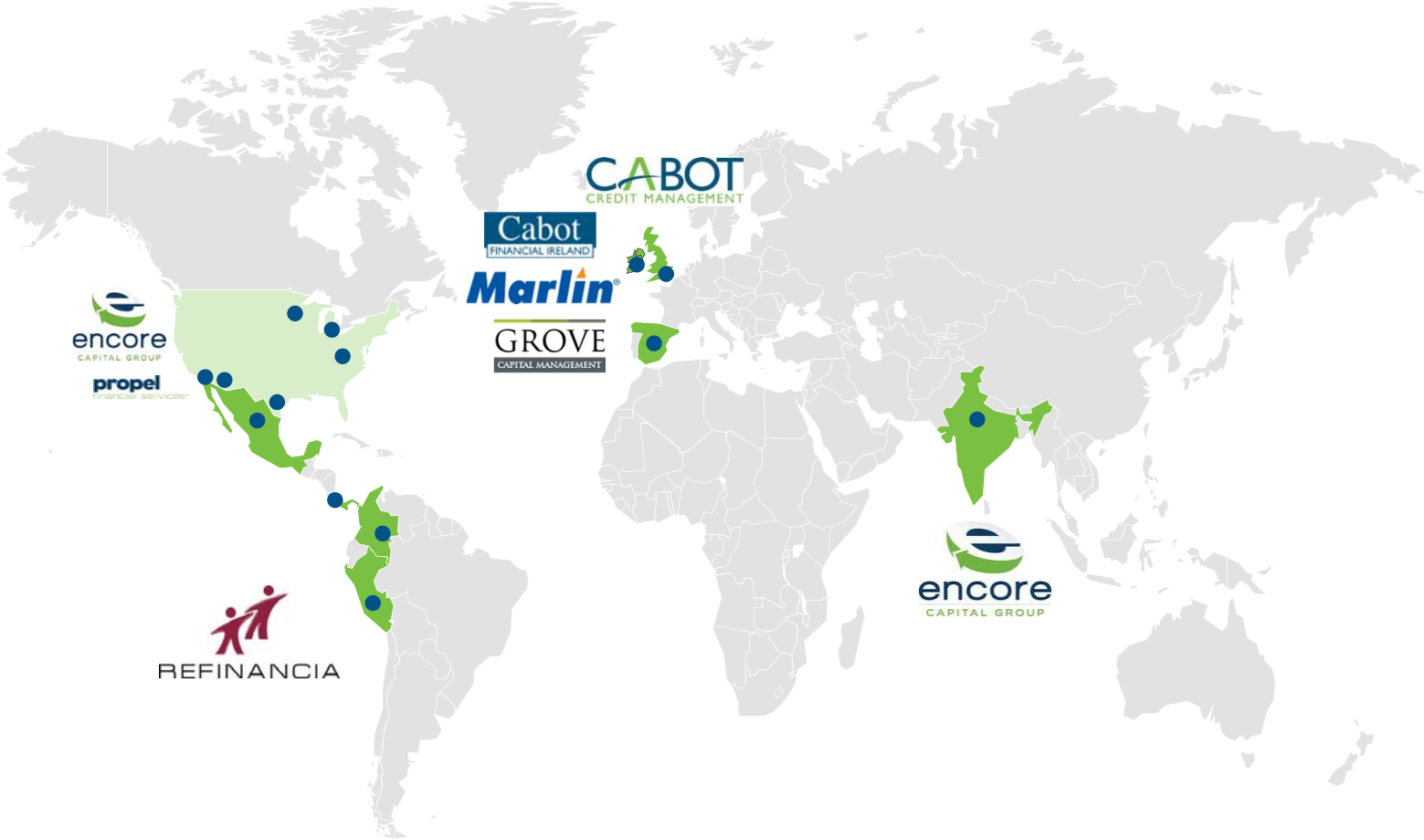
# ENCORE WILL CONTINUE TO PURSUE MARKET OPPORTUNITIES GLOBALLY



# IN 2012, ENCORE WAS A DEBT RECOVERY SPECIALIST WITH GLOBAL ASPIRATIONS



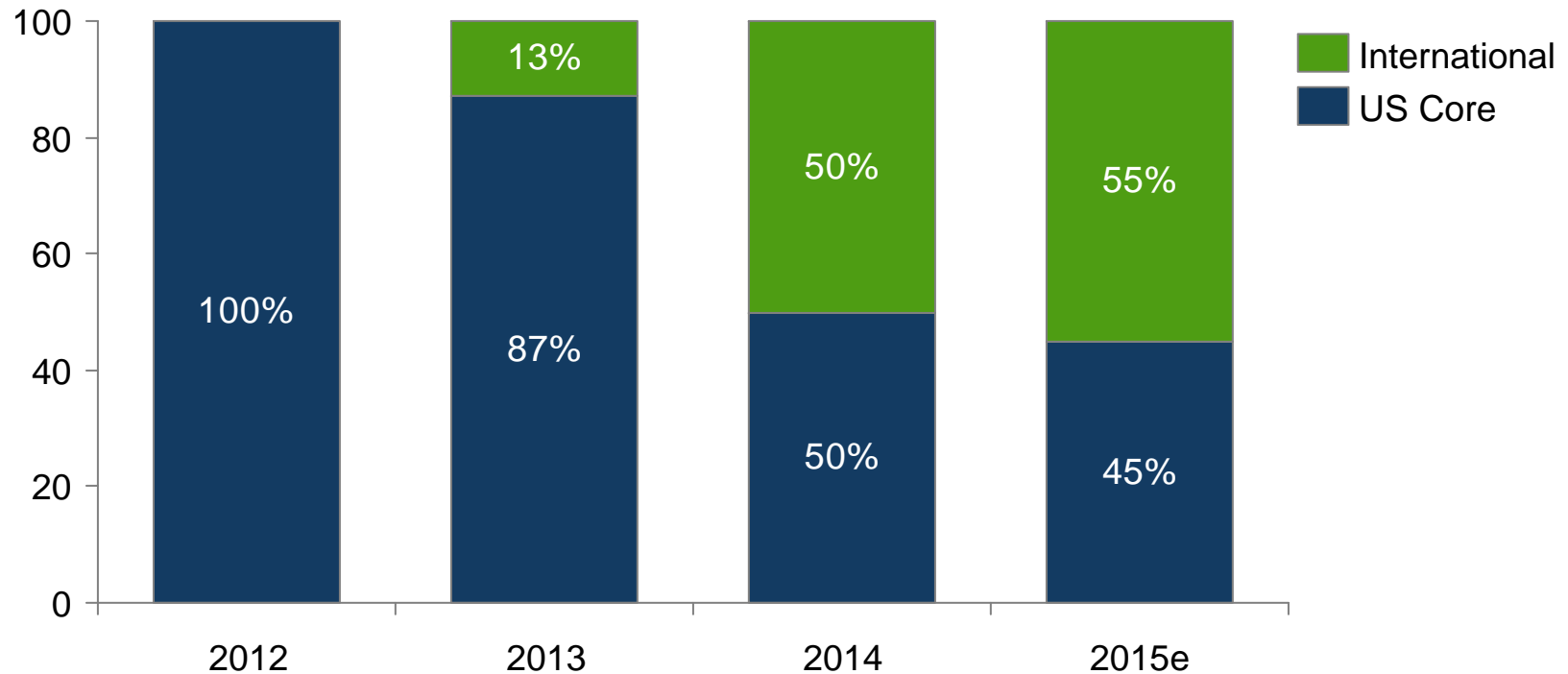
# OVER THE LAST THREE YEARS, WE HAVE MADE MULTIPLE STRATEGIC INVESTMENTS OUTSIDE THE U.S.





# WITH THAT HAS COME A MEANINGFUL SHIFT IN OUR CAPITAL DEPLOYED TO OUTSIDE OF THE UNITED STATES

## Encore capital deployment (2012-2015e)<sup>1</sup>



**Geographic expansion provides growth opportunities and diversifies our business**

1. Excludes portfolio purchases in Cabot, Refinancia acquisitions, Propel tax liens

# INTERNATIONAL EXPANSION IS AN IMPORTANT PART OF OUR GROWTH STRATEGY

**Fits with our capabilities and infrastructure**

- ✓ **Our business capabilities and expertise are key to performance within all markets**
- ✓ **Many opportunities to acquire unsophisticated players and create value**
- ✓ **Much of our infrastructure is globally scalable**


**Diversifies our portfolio**

- ✓ **As we grow globally, single-country market dynamics become less likely to impact overall performance**

**Supports our earnings growth**

- ✓ **Many countries with no market leader; multiple opportunities to consolidate share**
- ✓ **Consumer credit in developing economies is expanding rapidly, driving increased NPL volumes**

# SINCE 2013, ENCORE HAS MADE MULTIPLE MOVES TO ENTER NEW MARKETS AND ACQUIRE AND CONSOLIDATE PLAYERS

	2013	2014	2015 / Early 2016
Europe	 <ul style="list-style-type: none"> <li>• Top Tier Player in UK: \$2.3B in ERC</li> <li>• Beachhead in Europe</li> </ul>	 <ul style="list-style-type: none"> <li>• Top-tier player in IVA</li> <li>• Entry to Continental Europe</li> </ul>  <ul style="list-style-type: none"> <li>• UK Consolidation</li> <li>• New asset type: Large balance, non-paying debt</li> </ul>	 <ul style="list-style-type: none"> <li>• Mid-tier player in legal collections</li> <li>• Ensures Cabot's 2015 deployments on-target</li> </ul>
Latin America	 <ul style="list-style-type: none"> <li>• Top Tier Player in Colombia and Peru: &gt;\$200M deployed</li> <li>• Exploratory for Latin America</li> </ul>	 <b>Mexico</b> <ul style="list-style-type: none"> <li>• \$57M deployment</li> <li>• Initiates Mexico opportunity</li> <li>• Multiples similar to US market 5-6 years ago</li> </ul>	 <b>Mexico &amp; Brazil</b> <ul style="list-style-type: none"> <li>• Expect further expansion in Mexico</li> <li>• Expect to enter Brazil market</li> </ul>
Asia-Pacific		 <b>India</b> <ul style="list-style-type: none"> <li>• Taking steps toward debt purchase with signed LOIs</li> <li>• Building on operations established in 2009</li> </ul>	 <b>India</b> <ul style="list-style-type: none"> <li>• Expect regulatory approval and capital deployments in India</li> </ul>

# WHEN WE CONSIDERED THESE ACQUISITIONS, AND AS WE EXPLORE NEW MARKETS, THERE ARE SEVERAL CRITERIA WE CONSIDER

## Market Size and Trajectory

- Size and growth rate of credit
- Size and growth rate of NPL
- Distribution of NPLs across asset types

## Market Maturity

- Established presence of global issuers
- Propensity of lenders to sell debt or outsource collections
- Pool of local buyers / servicers who we could acquire

## Market Stability

- Risk of political stability / corruption
- Risk of currency stability
- Risk of economic stability

# OUR APPROACH HAS BEEN TO ENTER NEW MARKETS THROUGH ACQUISITION, WHERE WE CAREFULLY EVALUATE THE TARGET...

## Target Requirements

### Market position

- ✓ Top tier player in space
- ✓ Strong issuer relationships
- ✓ Market influencer
- ✓ Beachhead to market consolidation

### Capabilities

- ✓ Management with deep market knowledge
- ✓ History of strong asset returns
- ✓ Opportunities to improve processes & operations

### Culture

- ✓ Values analytics and data science
- ✓ Prioritizes ethical code
- ✓ Compliance-focused culture

# ... AND PUT A STRONG AND EFFECTIVE OVERSIGHT MODEL IN PLACE

## Target Requirements

### Market position

- ✓ Top tier player in space
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- ✓ Management with deep market knowledge
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## Encore Oversight Model

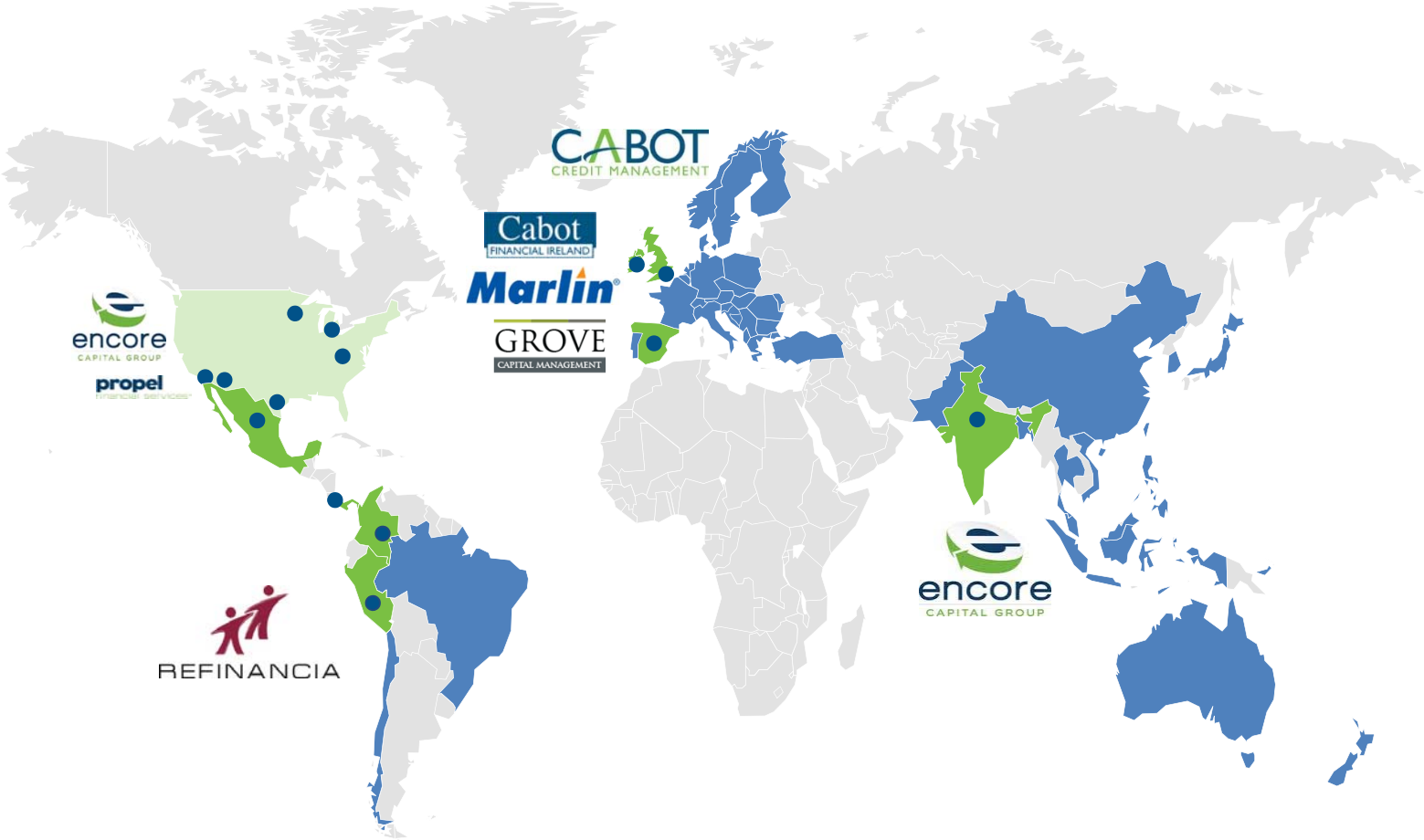
### Governance

- ✓ Control the board, including chairmanship
- ✓ Approve all capital deployments
- ✓ Ensure local management teams have long-term incentives to drive value

### Business management

- ✓ Conduct quarterly operating reviews, monthly business reviews, and weekly CEO calls
- ✓ Relocate seasoned Encore managers into senior roles in subsidiaries
- ✓ Hold regular meetings between subsidiary leadership on key topics

# WE ARE EXCITED ABOUT OUR OPPORTUNITIES FOR FURTHER INTERNATIONAL EXPANSION



■ Markets under consideration

# THE INITIAL FOCUS OF OUR LATIN AMERICA EXPANSION WILL BE MEXICO AND BRAZIL



## Mexico

- We have entered the Mexican market with a \$57M deployment
- Initial returns are excellent
- Enormous growth potential:
  - Over \$7B in NPLs in 2013
  - Opportunities in consumer secured and unsecured, and SME
- Market entry strategy includes developing servicing capabilities



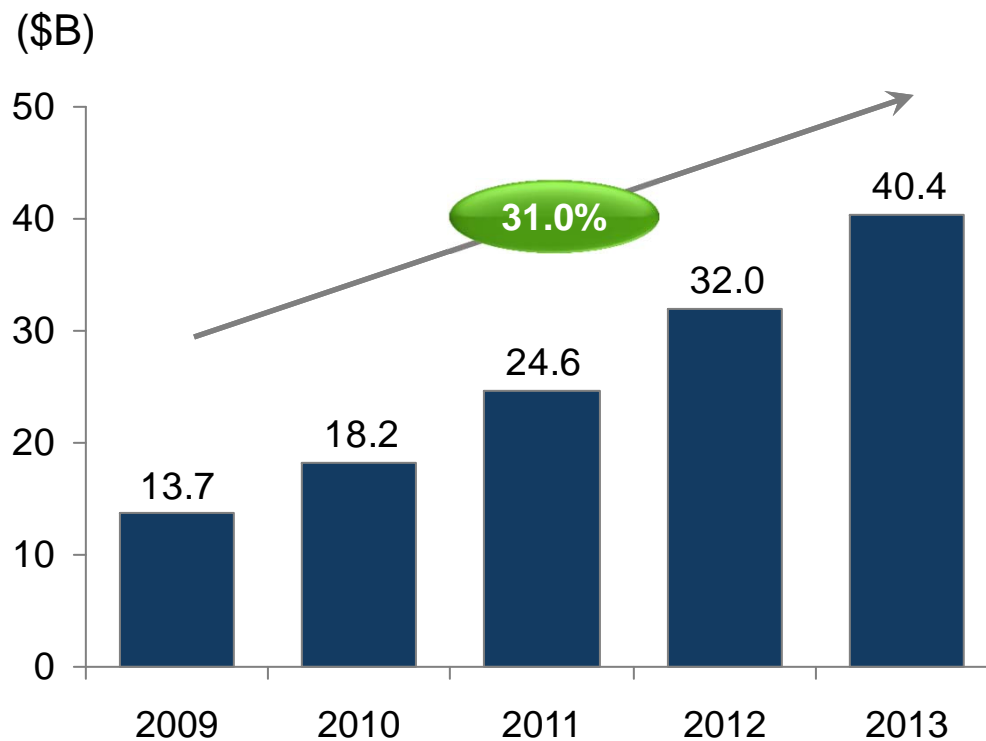
## Brazil

- Top priority for new market entry in Latin America
- Enormous growth potential:
  - Largest banking market in Latin America; 5th largest globally
  - Over \$35B in NPLs in 2013
  - Opportunities in consumer secured and unsecured, and SME
- We believe this is the right time to enter the market



# WITHIN ASIA PACIFIC, INDIA IS THE FIRST MARKET WHERE WE EXPECT TO BEGIN DEPLOYING CAPITAL

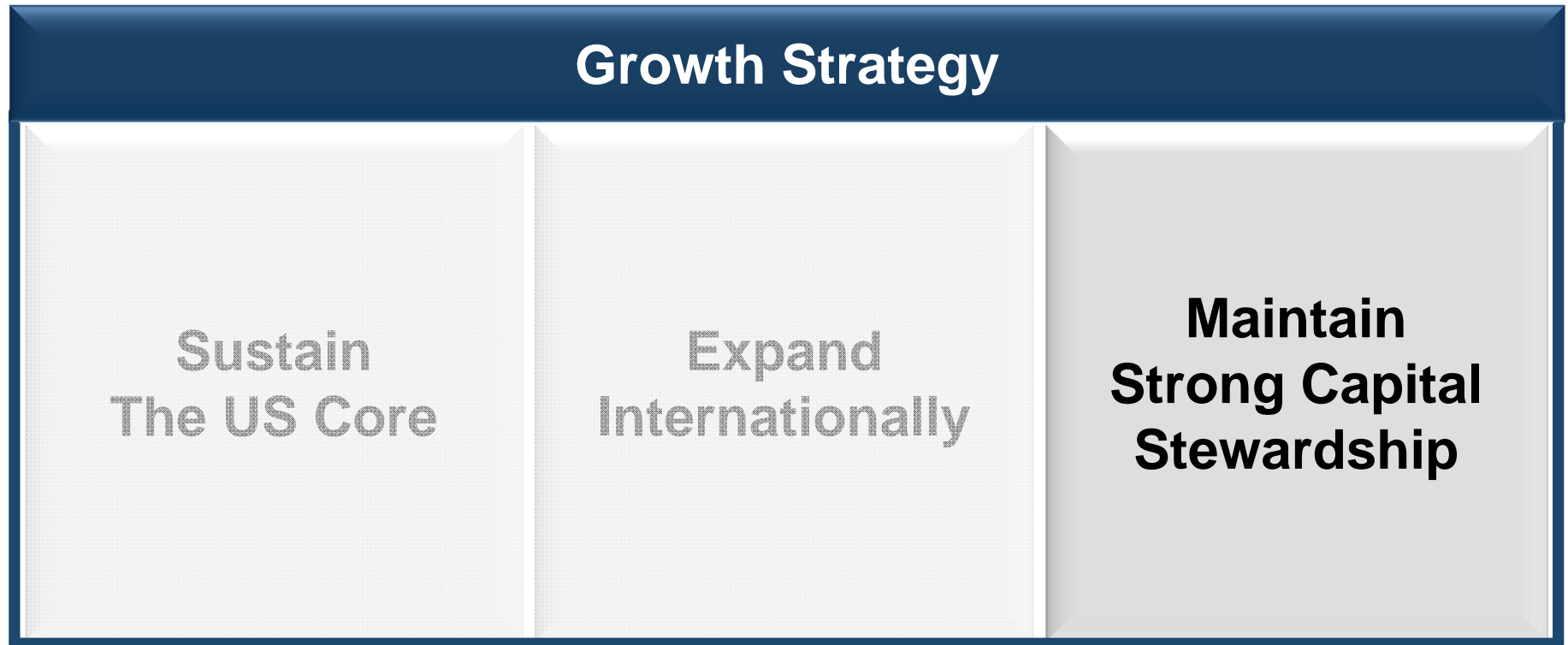
Annual NPLs for India  
2009-2013<sup>1</sup>



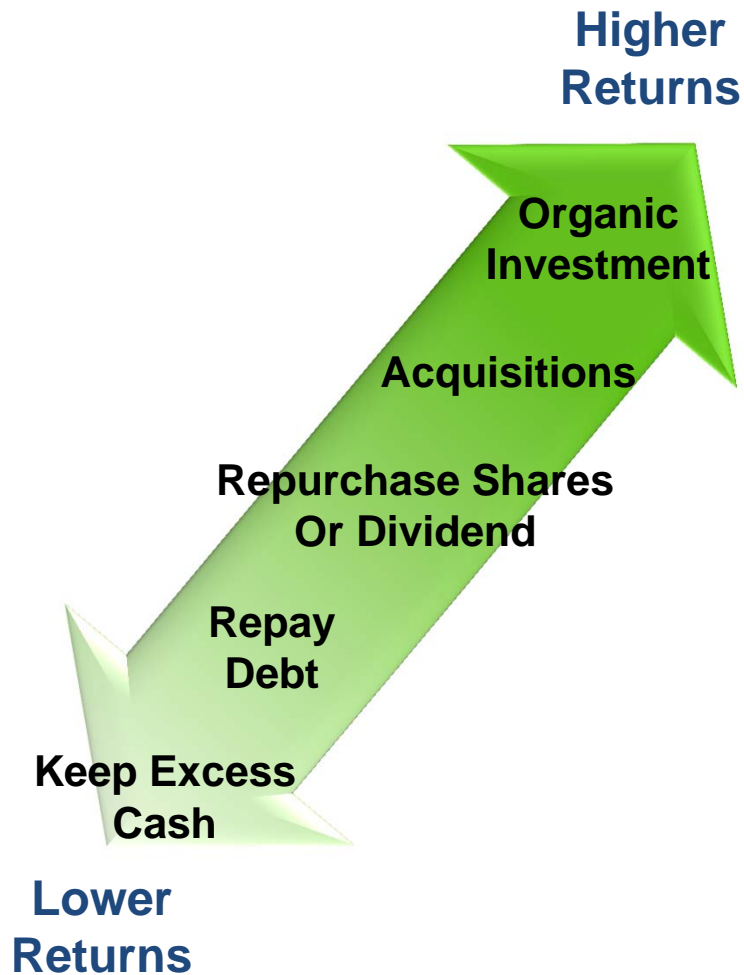
- Debt supply large and growing
- Favorable regulatory developments expected to continue
- Encore India has deep expertise in collections operations and analytics, and understands the local market
- On-track to deploy capital soon

Note: Average annual conversion rates applied  
Source: World Bank, RBI

# ENCORE WILL MAINTAIN OUR COMMITMENT TO STRONG CAPITAL STEWARDSHIP



# WE CONSTANTLY EVALUATE ALTERNATIVES FOR DEPLOYING OUR CAPITAL



## Today's Focus

### **Organic Investment**

- How we evaluate opportunities to deploy capital and invest in the business

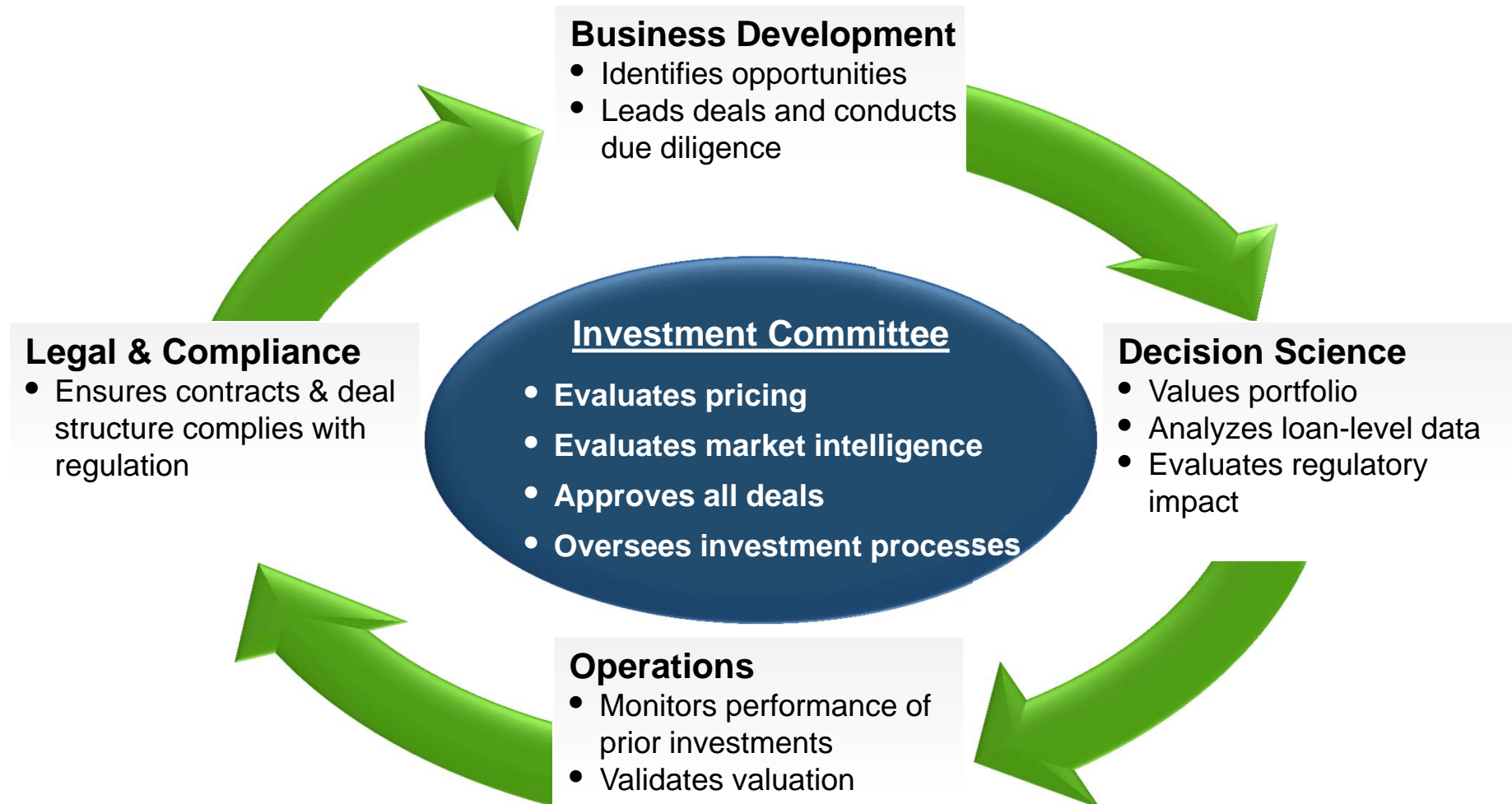
### **Acquisition**

- Role of acquisition
- How we evaluate deal performance

### **Share Repurchase**

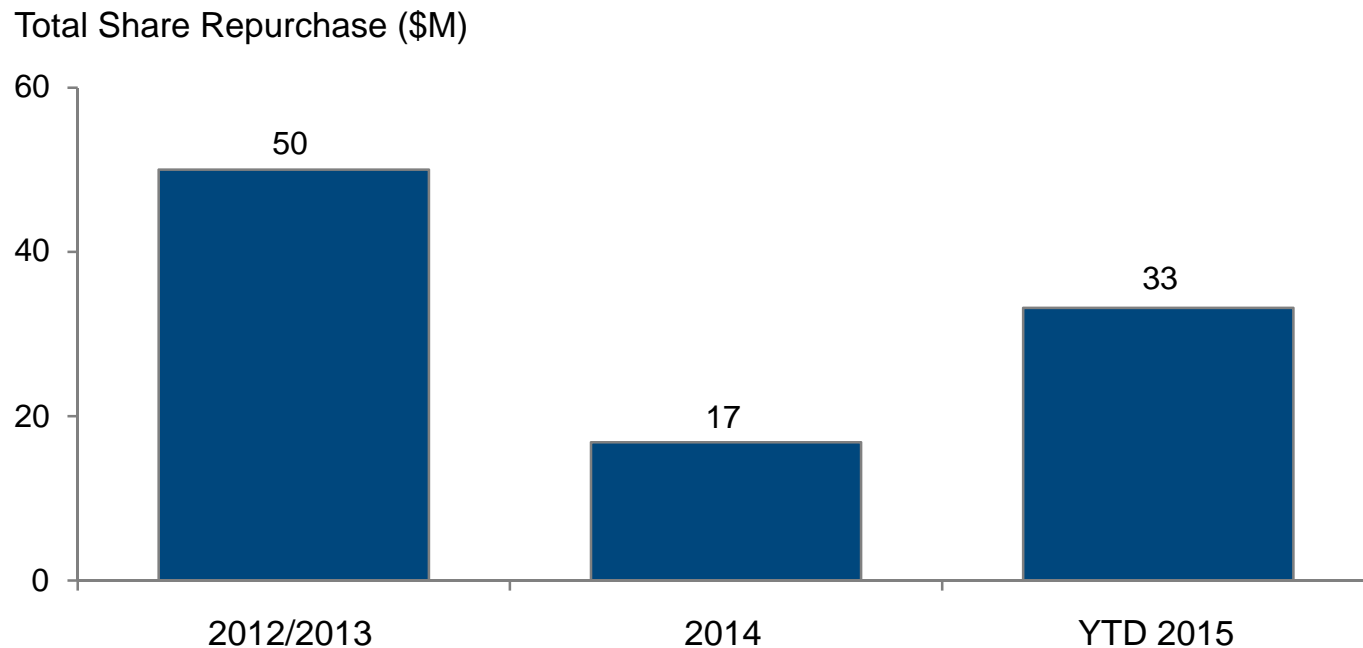
- Current and historical stock repurchase program

# WE MAINTAIN RIGOROUS CONTROLS AND STRUCTURE ACROSS ALL INVESTMENTS GLOBALLY



# WE REMAIN COMMITTED TO SHARE BUYBACKS GIVEN UPSIDE POTENTIAL IN SHARE PRICE & TOTAL SHAREHOLDER RETURN

## Encore share repurchases 2012-Present



Price per share <sup>1</sup>	\$27.83	\$42.04	\$39.54
Number of shares (k)	1886	400	839

1. Weighted average repurchase price for the period

# THERE ARE MANY REASONS TO LIKE OUR PROSPECTS

## Strong Financial Track-Record

- We are outstanding value creators who consistently drive double-digit earnings growth in a wide range of market environments.

## Excellent US Competitive Position

- We will continue to achieve target US core deployment at strong returns.
- We are poised to benefit from improvements in the US market as the supply of debt increases with few qualified buyers remaining.

## Adaptable To Evolving Markets

- Our recent call center transformation to support fresh paper liquidations is testament to our ability to consistently thrive in evolving markets.

## Proven International Capabilities

- With Cabot and Grove, we are the established market leader in Europe.
- We have built beachheads in India and Latin America.
- We have a proven strategy for entering new markets and creating value.

## Exciting International Opportunity

- We are on the cusp of a value creation catalyst, driven by imminent growth and outstanding returns in India, Mexico, and Brazil.
- We will enter servicing, a new source of unbounded, reliable revenues.

## Disciplined Capital Stewardship

- We remain committed to managing our capital in a manner that drives the greatest return for our investors.



# 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 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 to 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 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,					
	2015			2014		
	\$	Per Diluted Share – Accounting	Per Diluted Share – Economic*	\$	Per Diluted Share – Accounting	Per Diluted Share – Economic*
GAAP net income attributable to Encore, as reported	\$ 29,425	\$ 1.08	\$ 1.11	\$ 23,180	\$ 0.82	\$ 0.87
Adjustments:						
Convertible notes non-cash interest and issuance cost amortization, net of tax	1,666	0.06	0.07	1,291	0.05	0.05
Acquisition, integration and restructuring related expenses, net of tax	1,352	0.05	0.05	4,358	0.15	0.16
<b>Adjusted Income Attributable to Encore</b>	<b>\$ 32,443</b>	<b>\$ 1.19</b>	<b>\$ 1.23</b>	<b>\$ 28,829</b>	<b>\$ 1.02</b>	<b>\$ 1.08</b>

\* Economic EPS for the three months ended March 31, 2015 and March 31, 2014 excludes approximately 0.9 million and 1.5 million shares, respectively, 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 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,					
	2013			2012		
	\$	Per Diluted Share – Accounting	Per Diluted Share – Economic	\$	Per Diluted Share – Accounting	Per Diluted Share – Economic
GAAP net income attributable to Encore, as reported	\$ 19,448	\$ 0.80	\$ 0.80	\$ 18,108	\$ 0.70	\$ 0.70
Adjustments:						
Convertible notes non-cash interest and issuance cost amortization, net of tax	673	0.03	0.03	-	-	-
Acquisition, integration and restructuring related expenses, net of tax	775	0.03	0.03	316	0.01	0.01
<b>Adjusted Income Attributable to Encore</b>	<b>\$ 20,896</b>	<b>\$ 0.86</b>	<b>\$ 0.86</b>	<b>\$ 18,424</b>	<b>\$ 0.71</b>	<b>\$ 0.71</b>

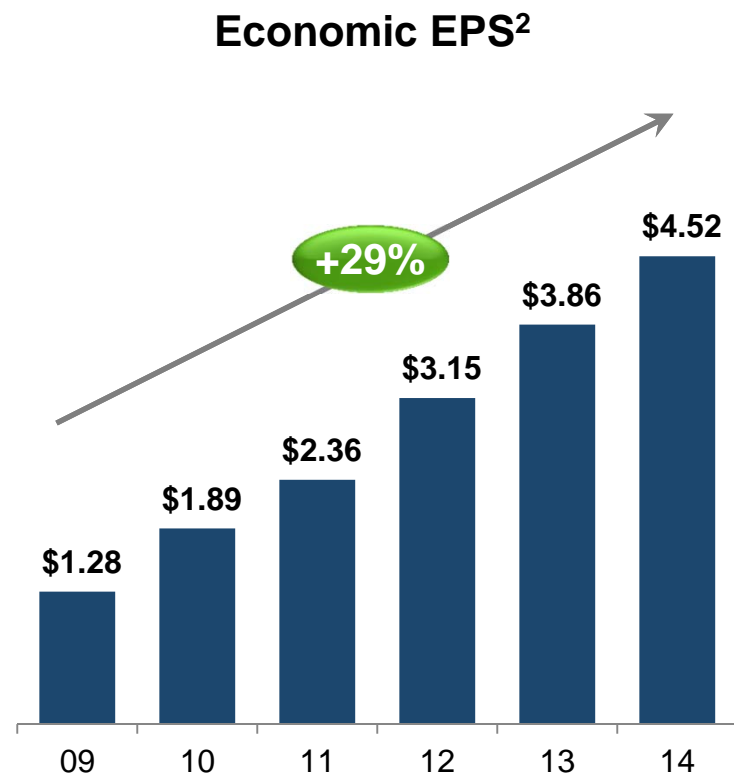
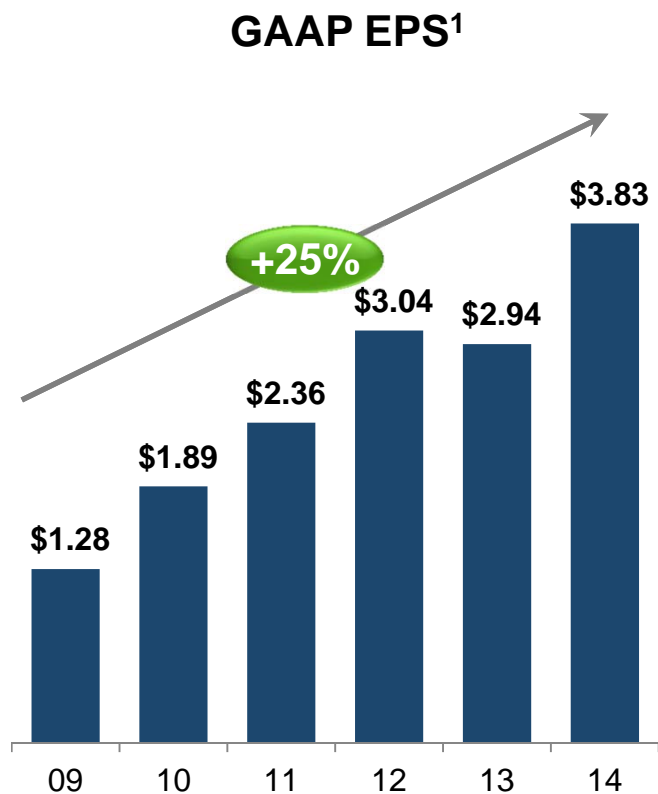
\* Economic EPS and GAAP EPS are the same for all periods prior to the three months ended March 31, 2012.

# RECONCILIATION OF ADJUSTED EBITDA

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

	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14
GAAP net income, as reported	\$ 33,047	\$ 49,052	\$ 60,958	\$ 69,477	\$ 73,740	\$ 98,278
(Income) loss from discontinued operations, net of tax	(2,133)	(1,658)	(365)	9,094	1,740	1,612
Interest expense	16,160	19,349	21,116	25,564	73,269	166,942
Provision for income taxes	19,360	27,967	38,076	51,754	45,388	52,725
Depreciation and amortization	1,771	2,552	4,081	5,840	13,547	27,949
Amount applied to principal on receivable portfolios	187,726	240,100	312,297	402,594	534,654	614,665
Stock-based compensation expense	4,384	6,010	7,709	8,794	12,649	17,181
Acquisition, integration and restructuring related expenses	-	-	-	4,263	29,321	19,299
<b>Adjusted EBITDA</b>	<b>\$ 260,315</b>	<b>\$ 343,372</b>	<b>\$ 443,872</b>	<b>\$ 577,380</b>	<b>\$ 784,308</b>	<b>\$ 998,651</b>

# GAAP EPS VS. ECONOMIC EPS



1. Per fully diluted share from continuing operations. 2. Per fully diluted economic share from continuing operations. See Reconciliation of Economic EPS to GAAP EPS at the end of this presentation. EPS prior to 2012 were not affected by adjustments.

Note: Growth rate percentages for cash collections, Adjusted EBITDA, and EPS signify compounded annual growth rate from 2009–2014