

**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**

**August 15, 2019**

Date of report (Date of earliest event reported)

**ENCORE CAPITAL GROUP, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation)

**000-26489**

(Commission File Number)

**48-1090909**

(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
<b>Common Stock, \$0.01 Par Value Per Share</b>	<b>ECPG</b>	<b>The NASDAQ Stock Market LLC</b>

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 2.05. Costs Associated with Exit or Disposal Activities.**

(a) On August 15, 2019, Encore Capital Group, Inc. (the “Company”), Credit Corp Group Limited (“Credit Corp”) and a wholly-owned subsidiary of Credit Corp, Rully Pty Limited (the “Purchaser”), entered into a share sale agreement (the “Share Sale Agreement”) under which Purchaser acquired Encore Australia Holdings I PTY LTD (together with its subsidiaries “Baycorp”) from the Company (the “Transaction”). Baycorp specializes in the management of non-performing loans in Australia and New Zealand and provides portfolio management services for non-performing debts. The transaction has closed. Pursuant to the Transaction, after the repayment of approximately \$39.8 million (AUD \$58.5 million) for the banking facility of Baycorp, the Company and its subsidiaries received proceeds of approximately \$11.6 million (AUD \$17.0 million).

On August 15, 2019, as a result of the Share Sale Agreement and based on the Transaction, Company management concluded that the fair value of Baycorp was less than the current recorded book value of Baycorp and that a goodwill impairment would be recognized under generally accepted accounting principles.

(b) The Company estimates that it will incur the following pre-tax charges related to the Transaction:

- A non-cash goodwill impairment charge of approximately \$10.8 million, which represented the entire goodwill balance carried by Baycorp as of August 15, 2019.
- A loss on sale for the Transaction of approximately \$12.6 million.
- Costs incurred by the Company directly attributable to the preparation and consummation of the Transaction including legal fees, consulting fees and other costs of approximately \$1.5 million.

(c) The total charges associated with the Transaction are estimated to be approximately \$24.9 million, pre-tax, as described above in Item 2.05(b). The Company expects the total net charges to be approximately \$19.7 million after tax.

(d) The majority of the approximately \$1.5 million of costs incurred by the Company directly attributable to the preparation and consummation of the Transaction as described above in Item 2.05(b) will require a future cash outlay.

All of the above costs and charges associated with the Transaction are estimates only and are subject to change.

**Item 2.06. Material Impairments.**

The information set forth under Item 2.05 of this Current Report on Form 8-K is incorporated herein by reference.

**Item 7.01. Regulation FD Disclosure.**

On August 15, 2019, the Company issued a press release announcing the Transaction. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K 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.**

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated August 15, 2019

**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: August 15, 2019

/s/ Jonathan C. Clark

Jonathan C. Clark

Executive Vice President, Chief Financial Officer and Treasurer

**EXHIBIT INDEX**

**Exhibit Number**

**Description**

99.1

[Press Release dated August 15, 2019](#)



## **Encore Sells Baycorp to Credit Corp Group**

*Sale Underscores Encore's Continued Focus on Market Leadership in the U.S. and U.K.*

**SAN DIEGO**, August 15, 2019 — Encore Capital Group, Inc. (Nasdaq: ECPG), an international specialty finance company, announced today that it has completed the sale of its Baycorp subsidiary to Credit Corp Group, a debt purchaser and debt collection company headquartered in Sydney, Australia. Baycorp specializes in the management of non-performing loans in Australia and New Zealand and provides portfolio management services for non-performing debts.

“Today’s transaction is another meaningful step for Encore as we focus our company and its resources on the U.S. and the U.K., the two most important markets in our industry,” said Ashish Masih, Encore’s President and CEO. “Last year we acquired the remaining interest in Cabot to increase our focus on Europe, and in particular on the U.K., where our debt buying and servicing capabilities comprise one of the industry’s strongest platforms. At the same time, conditions in our core U.S. market have improved and are providing higher returns. Further, given the credit cycle and the rise in consumer indebtedness in both the U.S. and U.K., we believe both markets are poised for an increase in supply. Accordingly, we prioritized the divestiture of Baycorp in order to focus on market leadership in the U.S. and U.K.”

Baycorp was a component of Encore’s Latin America and Asia-Pacific (LAAP) operations, which have not been significant to the Company’s total consolidated operating results. The transaction announced today eliminates the last of Encore’s acquired operating platforms outside of the United States and Europe. Encore continues to build its presence in the India debt buying market through the Encore Asset Reconstruction Company, which was launched as a joint venture.

### **About Encore Capital Group, Inc.**

Encore Capital Group is an international specialty finance company that provides debt recovery solutions and other related services across a broad range of financial assets. Through its subsidiaries around the globe, Encore purchases or services portfolios of receivables from major banks, credit unions and utility providers.

Headquartered in San Diego, Encore is a publicly traded NASDAQ Global Select company (ticker symbol: ECPG) and a component stock of the Russell 2000, the S&P Small Cap 600 and the Wilshire 4500. More information about the company can be found at <http://www.encorecapital.com>. More information about the Company’s Midland Credit Management subsidiary can be found at <http://www.midlandcreditonline.com>. More information about the Company’s Cabot Credit Management subsidiary can be found at <http://www.cabotcm.com>. Information found on the company’s, MCM’s, or Cabot’s website is not incorporated by reference.

### **Contact**

[press@encorecapital.com](mailto:press@encorecapital.com)

Bruce Thomas, Investor Relations  
(858) 309-6442  
[bruce.thomas@encorecapital.com](mailto:bruce.thomas@encorecapital.com)