



# Encore Capital Group, Inc.

Q1 2019 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 reports on Form 10-K and 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.



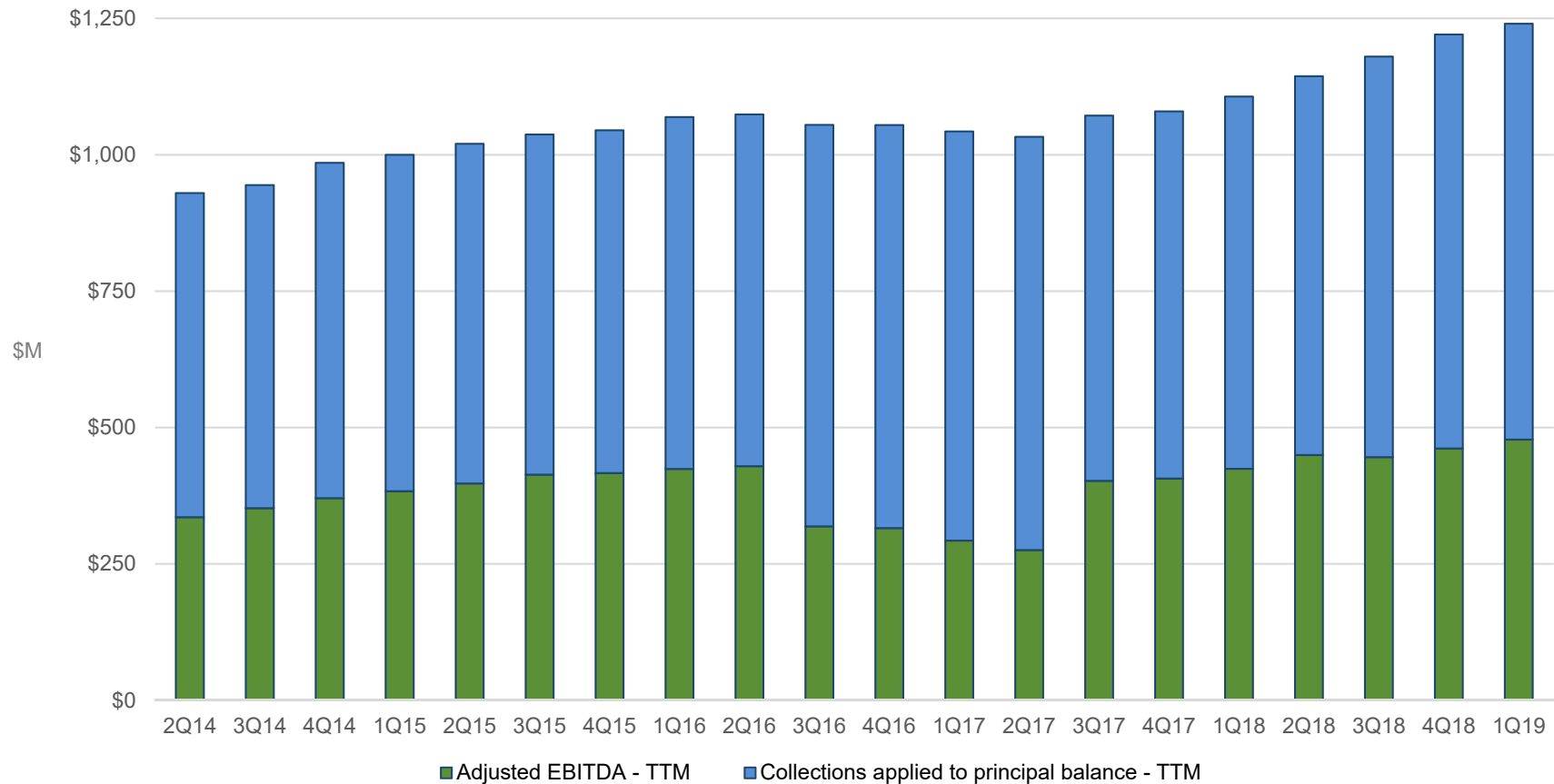
# FIRST QUARTER 2019 HIGHLIGHTS

<b>Global Collections</b> <b>\$514M</b> up 5% <b>Record</b>	<b>Global Revenue<sup>1</sup></b> <b>\$347M</b> up 6%	<b>Estimated Remaining Collections</b> <b>\$7.3B</b> up 3% <b>Record</b>	
<b>GAAP EPS<sup>2</sup></b> <b>\$1.57</b> up 89% <b>Record</b>	<b>GAAP Net Income<sup>2</sup></b> <b>\$49.3M</b> up 126% <b>Record</b>	<b>Economic EPS<sup>3</sup></b> <b>\$1.46</b> up 49% <b>Record</b>	<b>Adjusted Income<sup>3</sup></b> <b>\$45.9M</b> up 78% <b>Record</b>

- 1) Total Revenue, adjusted by net allowances and allowance reversals
- 2) From continuing operations attributable to Encore
- 3) Please refer to Appendix for reconciliation of Economic EPS and Adjusted Income to GAAP

# OUR ADJUSTED EBITDA REFLECTS OUR STRONG CASH GENERATION

## Adjusted EBITDA + Collections applied to principal balance (Trailing 12-Months)

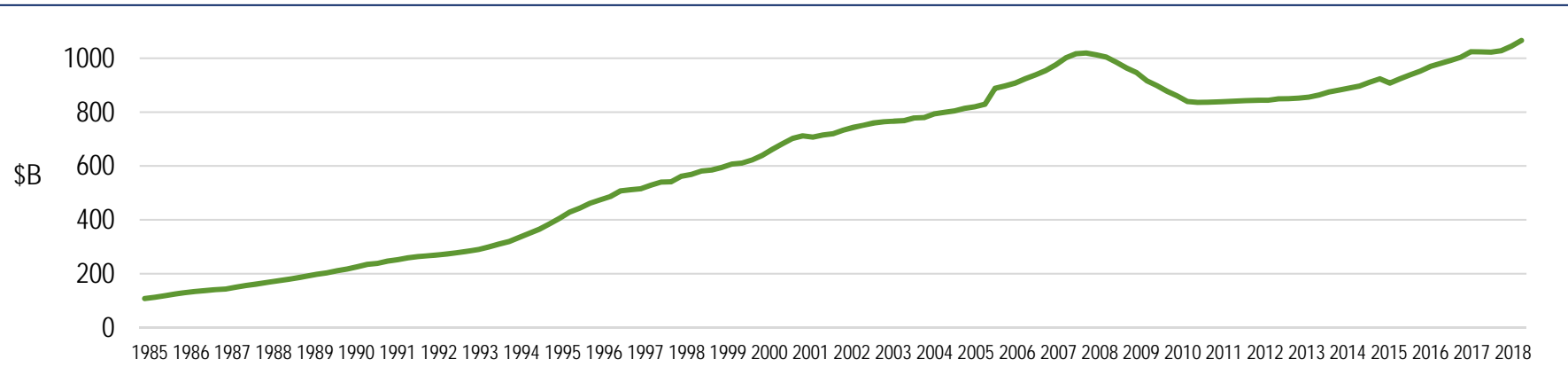


Note: See appendix for reconciliation of Adjusted EBITDA to GAAP net income.

## U.S. MARKET CONTINUES TO PROVIDE OPPORTUNITIES TO PURCHASE PORTFOLIOS WITH ATTRACTIVE RETURNS

- ▶ According to the most recent data from the Federal Reserve, U.S. Revolving Consumer Debt reached another all-time high level in February 2019
- ▶ According to data compiled by Bloomberg Intelligence, the U.S. credit card charge-off rate in Q1 rose to the highest level since Q2 of 2012
- ▶ Pricing is stable and remains favorable
- ▶ When the U.S. unemployment rate begins to rise, we expect to see a further rise in charge-offs

### U.S. Revolving Consumer Credit Outstanding<sup>1</sup>



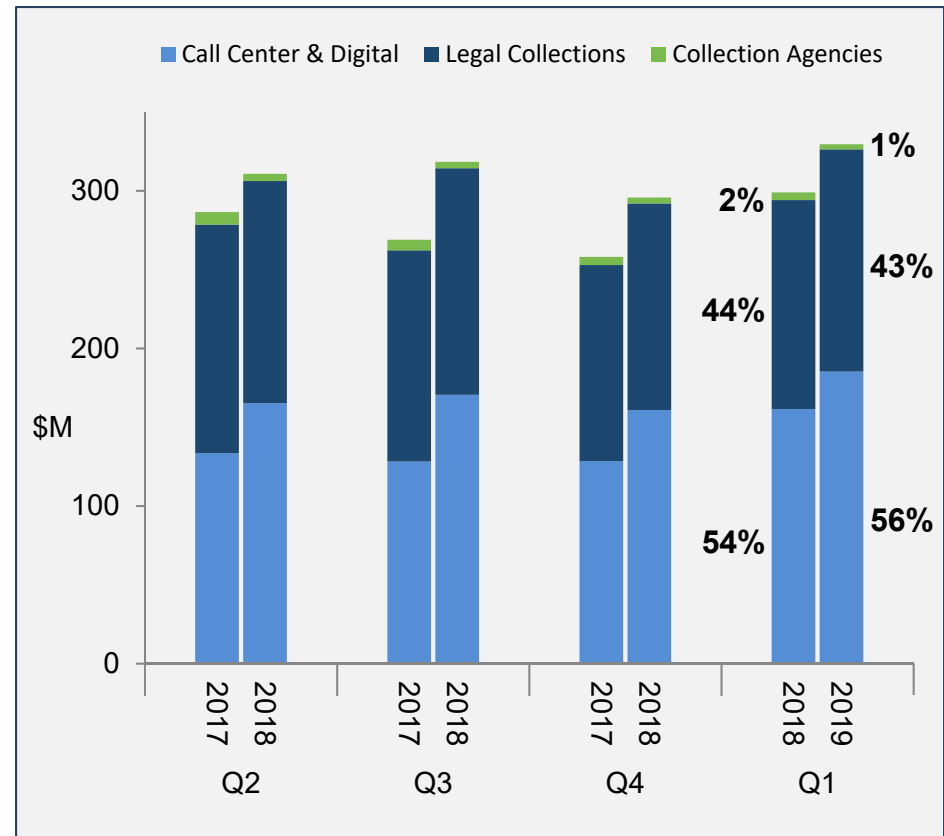
1) U.S. Federal Reserve revolving consumer credit, seasonally adjusted

# MCM (U.S.) COLLECTIONS FROM OUR DEBT PURCHASING BUSINESS GREW 10% IN Q1 2019 TO A RECORD \$330 MILLION

## Encore's U.S. Business

- ▶ Solid start to 2019 with Q1 U.S. deployments of \$174M, consisting primarily of fresh paper
- ▶ U.S. call center & digital collections grew by 15% in Q1 2019 compared to Q1 2018
- ▶ Consumer-centric approach and increased productivity continue to drive a higher proportion of call center & digital collections compared to legal collections
- ▶ Operational innovation, including digital collections and speech analytics, contributing to strong collections

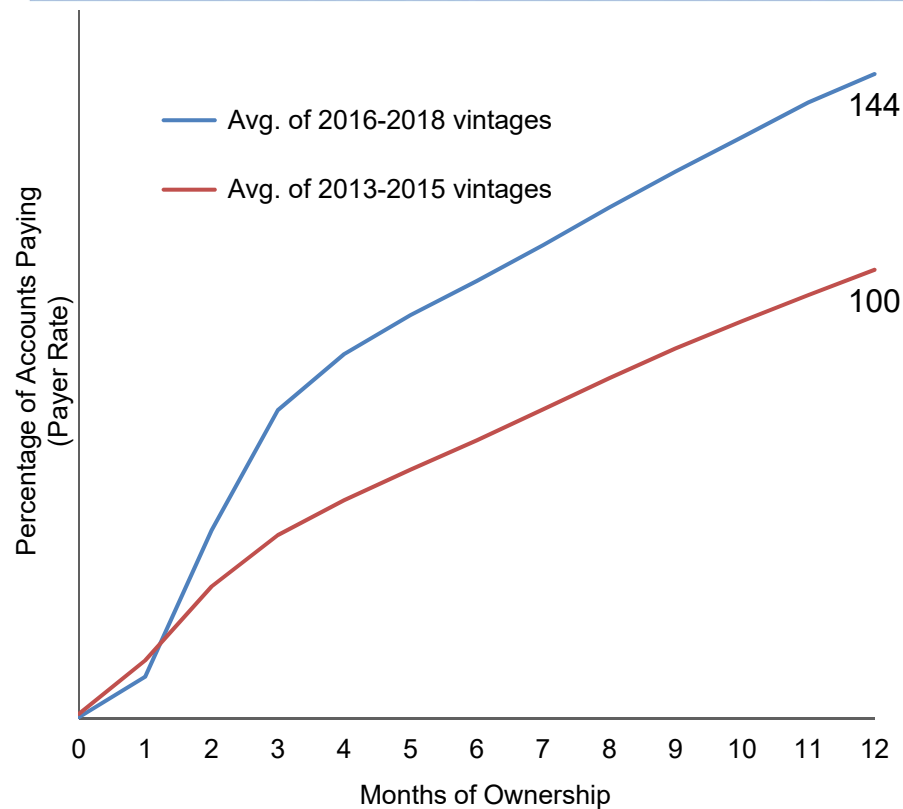
## MCM (U.S.) Collections by Channel



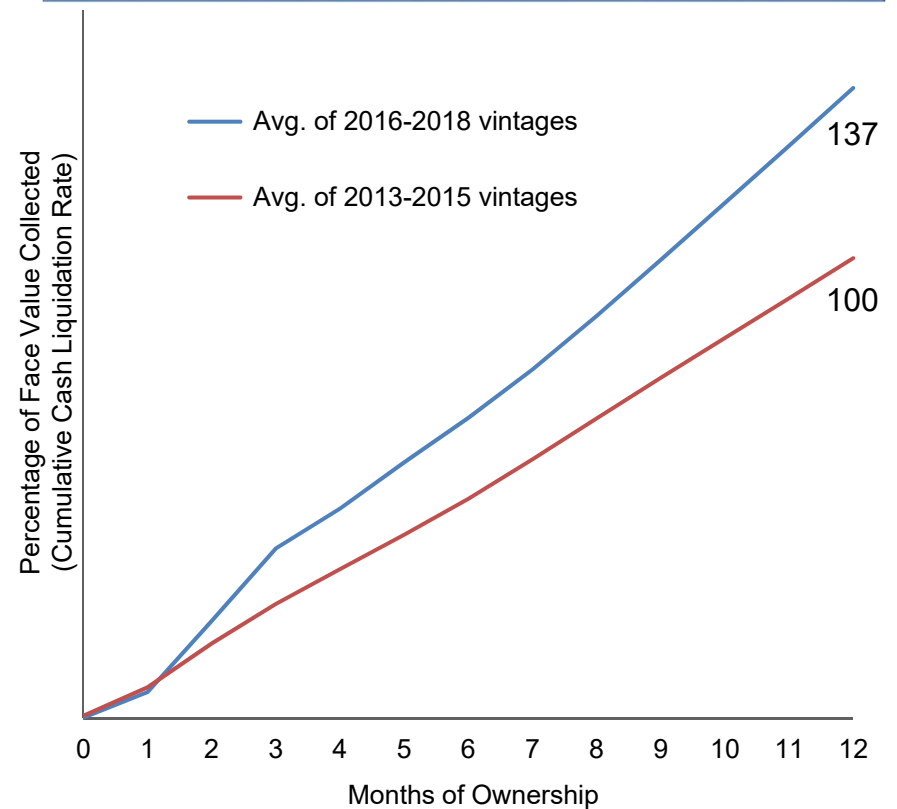
# CONTINUED INNOVATION AND OUR CONSUMER-CENTRIC APPROACH ARE DRIVING STRONG PERFORMANCE GAINS

## MCM (U.S.) Collections Performance

**Payer Rate  
by Purchase Vintage  
(first 12 months, indexed to 100)**



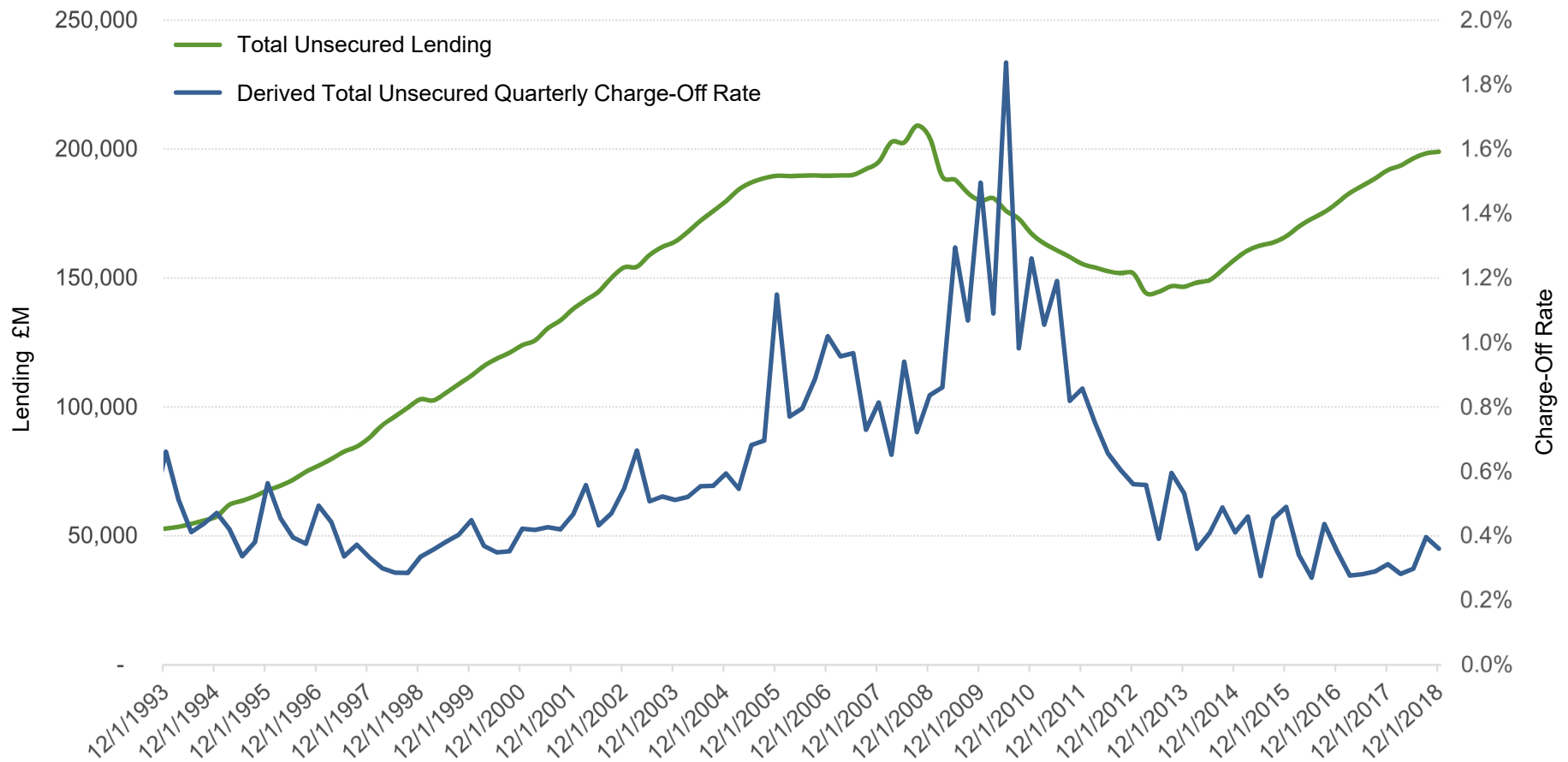
**Cumulative Cash Liquidation Rate  
by Purchase Vintage  
(first 12 months, indexed to 100)**



Note: Both graphs exclude accounts acquired through Encore's acquisition of Asset Acceptance in 2013 and an immaterial portion of legacy accounts at Atlantic Credit & Finance.

# LIKE IN THE U.S., NEAR-RECORD UNSECURED CONSUMER INDEBTEDNESS IN THE U.K. EXPECTED TO DRIVE MEANINGFUL MARKET OPPORTUNITY

## UK Unsecured Consumer Lending and Total Charge-Off Rate



Source: Bank of England – April 2019 – excludes student loans



## SUPPLY IN THE EUROPEAN MARKET IS ATTRACTIVE AND GROWING

### European Market

- ▶ In the U.K., we expect record consumer indebtedness will drive meaningful supply growth
- ▶ In the medium term, we are seeing early signs of increasing default rates
- ▶ We are also seeing evidence of banks selling their charged-off receivables earlier than they have in the past
- ▶ In the U.K. and in continental Europe, we expect regulatory guidelines will increasingly drive issuers toward greater focus on credit management services
- ▶ The pipeline of servicing opportunities continues to grow, particularly as banks seek BPO (Business Process Outsourcing) partnerships

# CABOT PROVIDES LEADERSHIP ACROSS THE CREDIT MANAGEMENT PRODUCT RANGE

<b>Debt Purchasing</b>	<b>Debt Collection Agency</b>	<b>Business Process Outsourcing</b>
Largest debt purchaser in terms of U.K. financial services ERC	Top ranked DCA for 73% (by volume) of portfolio we service for U.K. financial services institutions <sup>(1)</sup>	Largest U.K. based collections BPO provider to financial institutions <sup>(2)</sup>

## Foundation of Cabot's Leadership

- ▶ Depth and strength of relationships with key financial services institutions
- ▶ Leveraging scale to maintain leadership in technology and data
- ▶ Setting the standard for the industry through regulatory compliance

(1) Based on most recent competitive panel performance reports received from issuers.

(2) By headcount. Based on management estimates.

## CABOT DELIVERED STRONG FINANCIAL AND OPERATIONAL PERFORMANCE IN THE FIRST QUARTER OF 2019

### Encore's European Business

- ▶ European deployments totaled \$84M in the first quarter and were concentrated primarily in the U.K.
- ▶ Collections from debt purchasing in Europe grew 6% in constant currency compared to Q1 2018
- ▶ European revenues, adjusted by net allowances, increased 11% in constant currency compared to Q1 2018
- ▶ European ERC of \$3.7B also grew 11% in constant currency compared to Q1 2018
- ▶ Cabot Credit Management's (CCM) operating income grew 15% in Q1 2019 compared to a year ago
- ▶ Exploring additional synergies, including potential debt financing options

## YESTERDAY THE CFPB ISSUED A NOTICE OF PROPOSED RULEMAKING (NPRM) ON DEBT COLLECTION



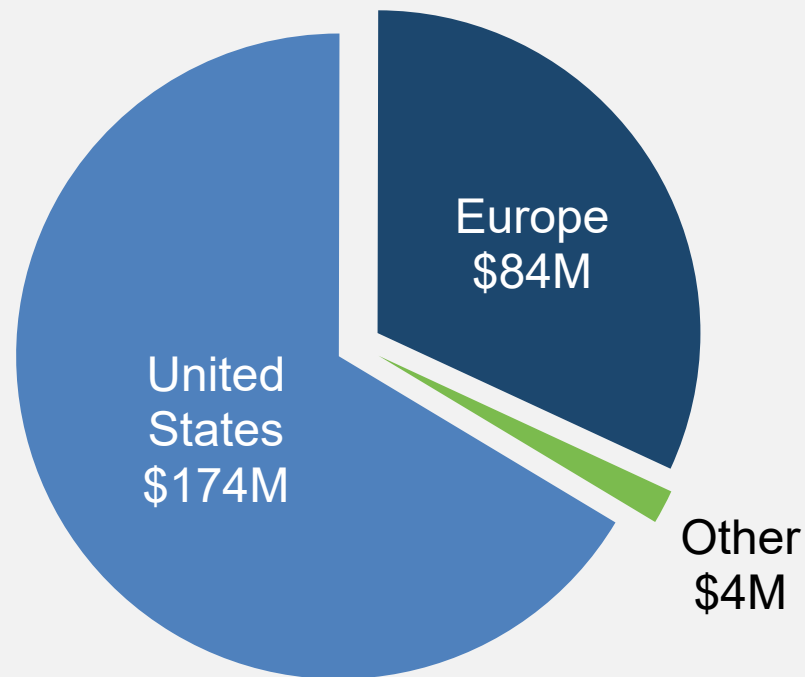
- ▶ The CFPB intends to make rules on industry practices for debt collection
- ▶ Gives the public and our industry a chance to provide feedback before the rules are final (effective 1 year after final rules are issued)
- ▶ Having a consistent set of rules should:
  - Ensure that everyone in the industry is held to the same standard
  - Remove confusion and uncertainty around existing regulations
  - Allow new technologies like texting and emailing to reach our consumers
- ▶ This effort should enable us to better help consumers move toward financial recovery



## Detailed Financial Discussion

## PORTFOLIO PURCHASES IN Q1 REFLECT OUR CURRENT EMPHASIS ON DEPLOYING MORE CAPITAL IN THE U.S. MARKET

### Q1 2019 Deployments

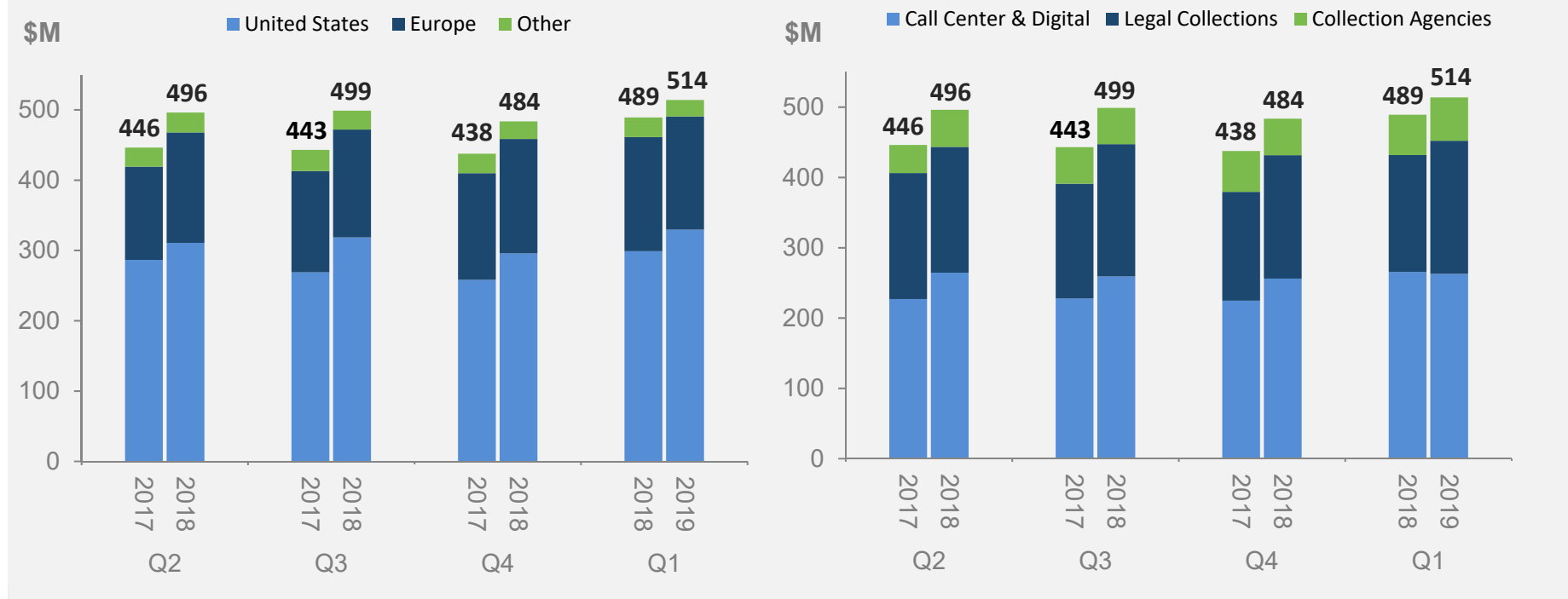


**Total \$262M**

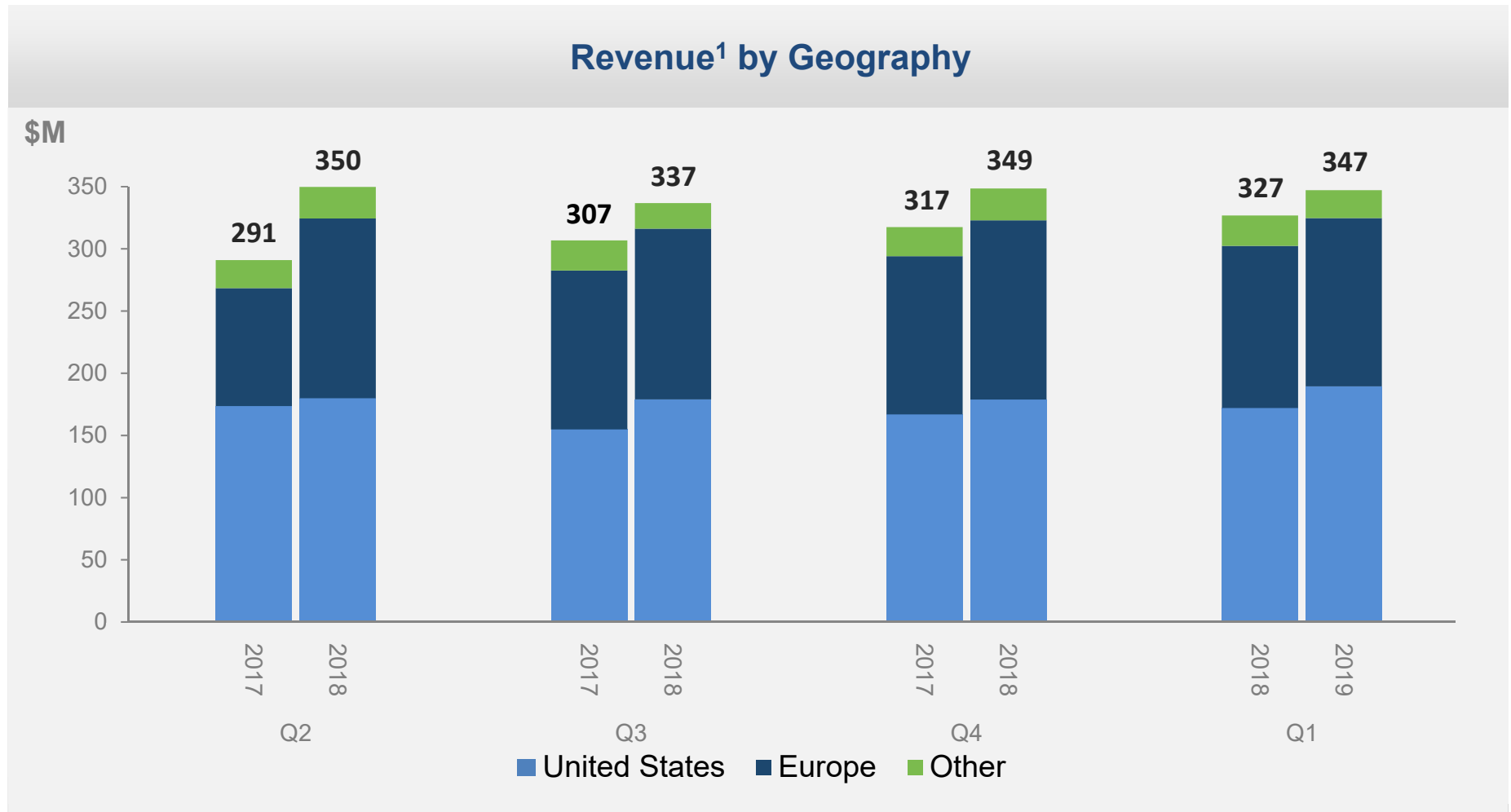
# U.S. COLLECTIONS GREW 10% IN THE FIRST QUARTER

## Collections by Geography

## Collections by Channel



# U.S. REVENUE GREW 10% IN THE FIRST QUARTER

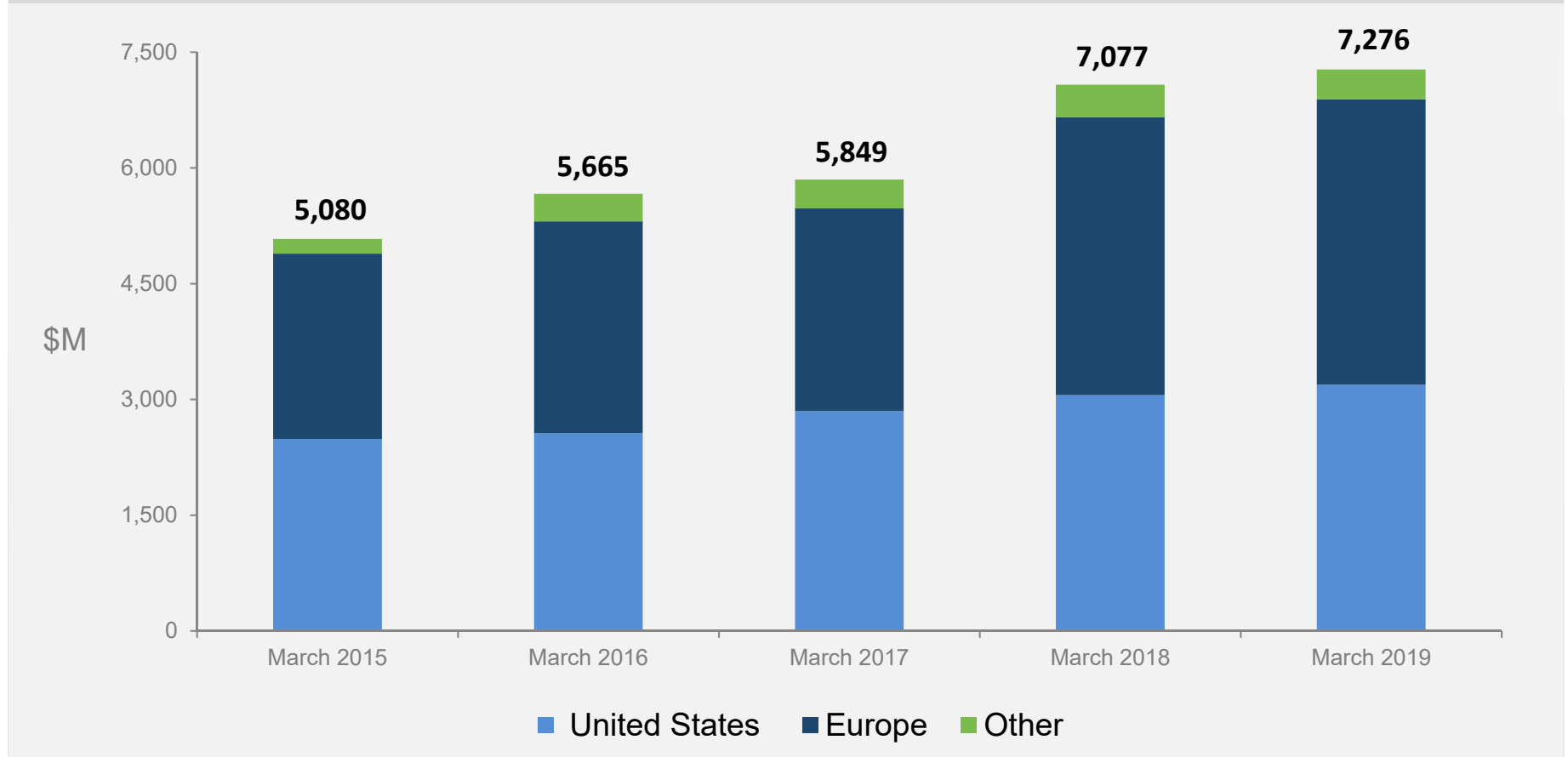


1) Net of allowances and allowance reversals

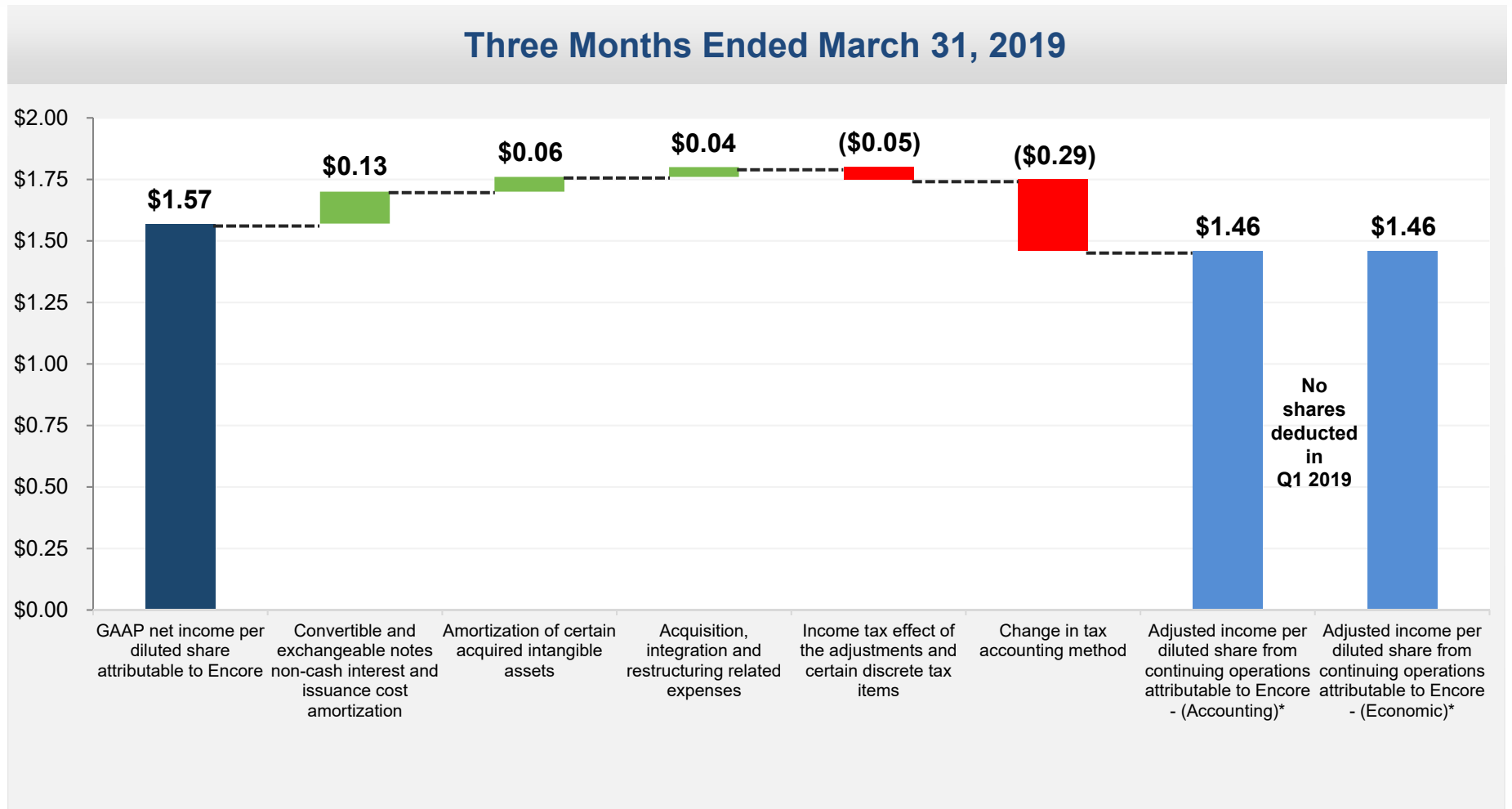


# ESTIMATED REMAINING COLLECTIONS GREW \$199 MILLION IN THE LAST 12 MONTHS, TO \$7.3 BILLION

## Total Estimated Remaining Collections



# ENCORE REPORTED GAAP EPS OF \$1.57 AND ECONOMIC EPS OF \$1.46 IN THE FIRST QUARTER OF 2019



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

## Q1 2019 SUMMARY AND OUTLOOK

### 1. Record performance

- ▶ Record Encore earnings, global collections and ERC
- ▶ Record MCM (U.S.) collections with call center & digital collections up 15%

### 2. Strong leading indicators of future growth in charge-offs and supply

- ▶ Reflected in record levels of consumer indebtedness in both the U.S. and the U.K.

### 3. Leading platforms in the U.S. and the U.K.

- ▶ Continued improving collections effectiveness at MCM (U.S.)
- ▶ Cabot well-positioned to benefit from European issuers' growing need for their products and services

### 4. Solid progress in strengthening competitive position and streamlining business portfolio



## Q&A



# Appendix

# 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,			
	2019		2018	
	\$	Per Diluted Share – Accounting and Economic	\$	Per Diluted Share – Accounting and Economic
<b>GAAP net income attributable to Encore, as reported</b>	<b>\$ 49,254</b>	<b>\$ 1.57</b>	<b>\$ 21,827</b>	<b>\$ 0.83</b>
Adjustments:				
Convertible and exchangeable notes non-cash interest and issuance cost amortization	4,002	0.13	3,035	0.12
Amortization of certain acquired intangible assets <sup>1</sup>	1,877	0.06	2,068	0.08
Acquisition, integration and restructuring related expenses <sup>2</sup>	1,208	0.04	572	0.02
Net gain on fair value adjustments to contingent consideration <sup>3</sup>	---	---	(2,274)	(0.09)
Expenses related to withdrawn Cabot IPO <sup>4</sup>	---	---	2,984	0.11
Adjustments attributable to noncontrolling interest <sup>5</sup>	---	---	(1,558)	(0.06)
Income tax effect of above non-GAAP adjustments and certain discrete tax items <sup>6</sup>	(1,383)	(0.05)	(810)	(0.03)
Change in tax accounting method <sup>7</sup>	(9,070)	(0.29)	---	---
<b>Adjusted income attributable to Encore</b>	<b>\$ 45,888</b>	<b>\$ 1.46</b>	<b>\$ 25,844</b>	<b>\$ 0.98</b>

- As we continue to acquire debt solution service providers around the world, the acquired intangible assets, such as trade names and customer relationships, have grown substantially. These intangible assets are valued at the time of the acquisition and amortized over their estimated lives. We believe that amortization of acquisition-related intangible assets, especially the amortization of an acquired company's trade names and customer relationships, is the result of pre-acquisition activities. In addition, the amortization of these acquired intangibles is a non-cash static expense that is not affected by operations during any reporting period. As a result, the amortization of certain acquired intangible assets is excluded from our adjusted income from continuing operations attributable to Encore and adjusted income from continuing operations per share.
- 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.
- Amount represents the net gain recognized as a result of fair value adjustments to contingent considerations that were established for our acquisitions of debt solution service providers in Europe. We have adjusted for this amount because we do not believe this is indicative of ongoing operations. Refer to the Contingent Consideration section of Note 3 "Fair Value Measurements" in the notes to our consolidated financial statements for further details.
- Amount represents expenses related to the proposed and later withdrawn initial public offering by CCM. 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.
- Certain of the above pre-tax adjustments include expenses recognized by our partially-owned subsidiaries. This adjustment represents the portion of the non-GAAP adjustments that are attributable to noncontrolling interest.
- Amount represents the total income tax effect of the adjustments, which is generally calculated based on the applicable marginal tax rate of the jurisdiction in which the portion of the adjustment occurred. Additionally, we adjust for certain discrete tax items that are not indicative of our ongoing operations.
- Amount represents the benefit from the tax accounting method change related to revenue reporting. We adjust for certain discrete tax items that are not indicative of our ongoing operations. Refer to Note 10: Income Taxes in the notes to our consolidated financial statements for further details.

# RECONCILIATION OF ADJUSTED EBITDA

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

	09/30/13	12/31/13	03/31/14	06/30/14	09/30/14	12/31/14	03/31/15	06/30/15
<b>GAAP net income (loss), as reported</b>	<b>\$ 21,064</b>	<b>\$ 22,216</b>	<b>\$ 18,830</b>	<b>\$ 21,353</b>	<b>\$ 30,138</b>	<b>\$ 27,957</b>	<b>\$ 29,967</b>	<b>\$ 25,185</b>
(Income) loss from discontinued operations, net of tax	(836)	463	(967)	(1,212)	(2,068)	(958)	(1,880)	(1,661)
Interest expense	29,186	29,747	37,962	43,218	43,498	42,264	42,303	46,250
Interest income <sup>1</sup>	-	-	(168)	(238)	(258)	(298)	(414)	(370)
Provision (Benefit) for income taxes	9,707	14,805	11,275	13,100	8,636	15,558	14,614	14,921
Depreciation and amortization	4,395	4,873	5,897	6,619	6,725	7,860	8,137	7,878
Stock-based compensation expense	3,983	3,486	4,836	4,715	4,009	3,621	5,905	6,198
Acquisition, integration and restructuring related expenses <sup>2</sup>	7,703	4,003	10,943	4,616	1,000	2,212	2,766	7,892
Settlement fees and related administrative expenses <sup>3</sup>	-	-	-	-	-	-	-	-
Gain on fair value adjustments to contingent consideration <sup>4</sup>	-	-	-	-	-	-	-	-
Expenses related to withdrawn Cabot IPO <sup>5</sup>	-	-	-	-	-	-	-	-
Loss on derivatives in connection with Cabot Transaction <sup>6</sup>	-	-	-	-	-	-	-	-
<b>Adjusted EBITDA</b>	<b>\$ 75,202</b>	<b>\$ 79,593</b>	<b>\$ 88,608</b>	<b>\$ 92,171</b>	<b>\$ 91,680</b>	<b>\$ 98,216</b>	<b>\$ 101,398</b>	<b>\$ 106,293</b>
Collections applied to principal balance <sup>7</sup>	157,262	116,861	159,106	161,048	155,435	139,076	160,961	167,024

- 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 (excluding amounts already included in the interest expense and stock-based compensation expense line items above). 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 certain TCPA settlements. 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) Amount represents the gain recognized as a result of fair value adjustments to contingent considerations that were established for our acquisitions of debt solution service providers in Europe. We have adjusted for this amount because we do not believe this is indicative of ongoing operations. Refer to Note 3 "Fair Value Measurement - Contingent Consideration" in the notes to our consolidated financial statements for further details.
- 5) Amount represents expenses related to the proposed and later withdrawn initial public offering by CCM. 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) Amount 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 (continued)

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
<b>GAAP net income (loss), as reported</b>	<b>\$ (9,364)</b>	<b>\$ 1,596</b>	<b>\$ 26,607</b>	<b>\$ 30,833</b>	<b>\$ (51,946)</b>	<b>\$ 11,323</b>	<b>\$ 14,979</b>	<b>\$ 19,076</b>
(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 <sup>1</sup>	(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 restructuring related expenses <sup>2</sup>	2,235	2,635	2,141	3,271	3,843	7,457	855	3,520
Settlement fees and related administrative expenses <sup>3</sup>	63,019	-	2,988	698	2,613	-	-	-
Gain on fair value adjustments to contingent consideration <sup>4</sup>	-	-	-	-	-	(8,111)	-	(2,773)
Expenses related to withdrawn Cabot IPO <sup>5</sup>	-	-	-	-	-	-	-	-
Loss on derivatives in connection with Cabot Transaction <sup>6</sup>	-	-	-	-	-	-	-	-
<b>Adjusted EBITDA</b>	<b>\$ 107,851</b>	<b>\$ 100,998</b>	<b>\$ 108,837</b>	<b>\$ 111,616</b>	<b>\$ (2,655)</b>	<b>\$ 97,801</b>	<b>\$ 85,894</b>	<b>\$ 94,383</b>
Collections applied to principal balance <sup>7</sup>	156,229	144,075	177,711	166,648	247,427	147,203	188,893	173,946

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# RECONCILIATION OF ADJUSTED EBITDA (continued)

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

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# RECONCILIATION OF ADJUSTED OPERATING EXPENSES RELATED TO PORTFOLIO PURCHASING AND RECOVERY BUSINESS

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

	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18	03/31/19
<b>GAAP total operating expenses, as reported</b>	<b>\$ 210,323</b>	<b>\$ 202,829</b>	<b>\$ 253,246</b>	<b>\$ 238,336</b>	<b>\$ 246,314</b>	<b>\$ 239,246</b>	<b>\$ 232,834</b>	<b>\$ 236,019</b>
Adjustments:								
Operating expenses related to non-portfolio purchasing and recovery business <sup>1</sup>	(26,984)	(28,934)	(41,164)	(46,614)	(56,052)	(45,980)	(45,069)	(46,082)
Acquisition, integration and restructuring related expenses <sup>2</sup>	(3,520)	(342)	(11,911)	(572)	(3,655)	(8,475)	5,179	(1,208)
Stock-based compensation expense	(2,760)	(3,531)	(3,358)	(2,276)	(3,169)	(5,007)	(2,528)	(1,826)
Net gain on fair value adjustments to contingent consideration <sup>3</sup>	2,773	---	49	2,274	2,378	---	1,012	---
Expenses related to withdrawn Cabot IPO <sup>4</sup>	---	---	(15,339)	(2,984)	---	---	---	---
<b>Adjusted operating expenses related to portfolio purchasing and recovery business</b>	<b>\$ 179,832</b>	<b>\$ 170,022</b>	<b>\$ 181,523</b>	<b>\$ 188,164</b>	<b>\$ 185,816</b>	<b>\$ 179,784</b>	<b>\$ 191,428</b>	<b>\$ 186,903</b>

- 1) Operating expenses related to non-portfolio purchasing and recovery business include operating expenses from other operating segments that primarily engage in fee-based business, as well as corporate overhead not related to our portfolio purchasing and recovery business.
- 2) Amount represents acquisition, integration and restructuring related operating expenses (excluding amounts already included in stock-based compensation expense). 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 the gain recognized as a result of fair value adjustments to contingent considerations that were established for our acquisitions of debt solution service providers in Europe. We have adjusted for this amount because we do not believe this is indicative of ongoing operations. Refer to Note 3 "Fair Value Measurement - Contingent Consideration" in the notes to our consolidated financial statements for further details.
- 4) Amount represents expenses related to the proposed and later withdrawn initial public offering by CCM. 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.

# IMPACT OF FLUCTUATIONS IN FOREIGN CURRENCY EXCHANGE RATES

(Unaudited, in millions, except per share amounts)

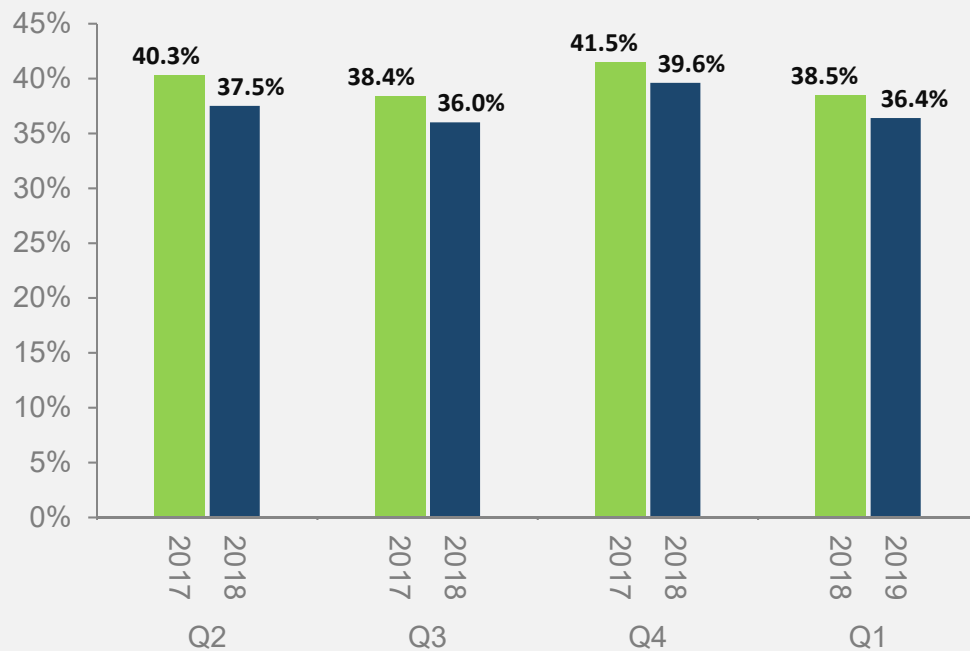
Encore Consolidated			Cabot (Europe)		
Three Months Ended 3/31/19	As Reported	Constant Currency	Three Months Ended 3/31/19	As Reported	Constant Currency
Revenue	\$347	\$358	Revenue	\$135	\$145
Operating expenses	\$236	\$243	Collections	\$161	\$172
Net income*	\$49	\$51	ERC	\$3,700	\$3,991
Adjusted income*	\$46	\$48			
GAAP EPS*	\$1.57	\$1.63			
Economic EPS*	\$1.46	\$1.52			
Collections	\$514	\$527			
ERC	\$7,276	\$7,601			

\* from continuing operations attributable to Encore.

Note: Constant Currency figures are calculated by employing Q1 2018 foreign currency exchange rates to recalculate Q1 2019 results. All constant currency values are calculated based on the average exchange rates during the respective periods, except for ERC, which is calculated using the changes in the period-ending exchange rates. Management refers to operating results on a constant currency basis so that the operating results can be viewed without the impact of fluctuations in foreign currency exchange rates, thereby facilitating period-to-period comparisons of the company's operating performance. Constant currency financial results are calculated by translating current period financial results in local currency using the prior period's respective currency conversion rate. Certain foreign subsidiaries' local currency financial results in our calculation include the translation effect from their foreign operating results.

# Q1 2019 IMPROVEMENT IN COST-TO-COLLECT PRIMARILY REFLECTS A HIGHER PROPORTION OF CALL CENTER & DIGITAL COLLECTIONS

Overall Cost-to-Collect<sup>1</sup>



Location	Q1 2019 CTC	Q1 2018 CTC
United States	39.6%	43.6%
Europe	27.6%	27.4%
Other	51.2%	47.8%
Encore total	36.4%	38.5%

1. Cost-to-Collect = Adjusted operating expenses / collections. See appendix for reconciliation of Adjusted operating expenses to GAAP.