



# ENCORE CAPITAL GROUP, INC.

## ACQUISITION OF MARLIN FINANCIAL GROUP

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February 10, 2014



# CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

The statements in this presentation that are not historical facts, including, most importantly, those statements preceded by, or that include, the words “will,” “may,” “believe,” “projects,” “expects,” “anticipates” or the negation thereof, or similar expressions, constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Reform Act”). These statements may include, but are not limited to, statements regarding our future operating results, earnings per share, and growth. For all “forward-looking statements,” the Company claims the protection of the safe harbor for forward-looking statements contained in the Reform Act. Such forward-looking statements involve risks, uncertainties and other factors which may cause actual results, performance or

achievements of the Company and its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks, uncertainties and other factors are discussed in the reports filed by the Company with the Securities and Exchange Commission, including its most recent report on Form 10-K, and its subsequent reports on form 10-Q, each as it may be amended from time to time. The Company disclaims any intent or obligation to update these forward-looking statements.



# THE MARLIN ACQUISITION BUILDS ON ENCORE'S UK PLATFORM CREATED BY THE HIGHLY SUCCESSFUL ACQUISITION OF CABOT

## Cabot marked Encore's entrance into the UK market

- United two market leaders and created a platform in the UK for consolidation and diversification
- Cabot investment has been highly successful to date
  - 120-month gross ERC of £1.05 billion <sup>1</sup>
  - LTM portfolio purchases of £143 million <sup>1</sup>
- Continued strong growth in the UK market expected

## Marlin enhances capabilities, diversification and scale

1. As of September 30, 2013

# MARLIN IS A MARKET LEADING ACQUIRER OF NON-PERFORMING, UNSECURED CONSUMER DEBT IN THE UK



### Market leader in non-performing debt purchasing, with litigation enhanced collections

- Sophisticated, proprietary scorecard to identify optimal litigation quality accounts

### Long-term, well-diversified ERC

- 79% underpinned by long-term payment plans and 32% secured on property

### Impressive track record of significant growth

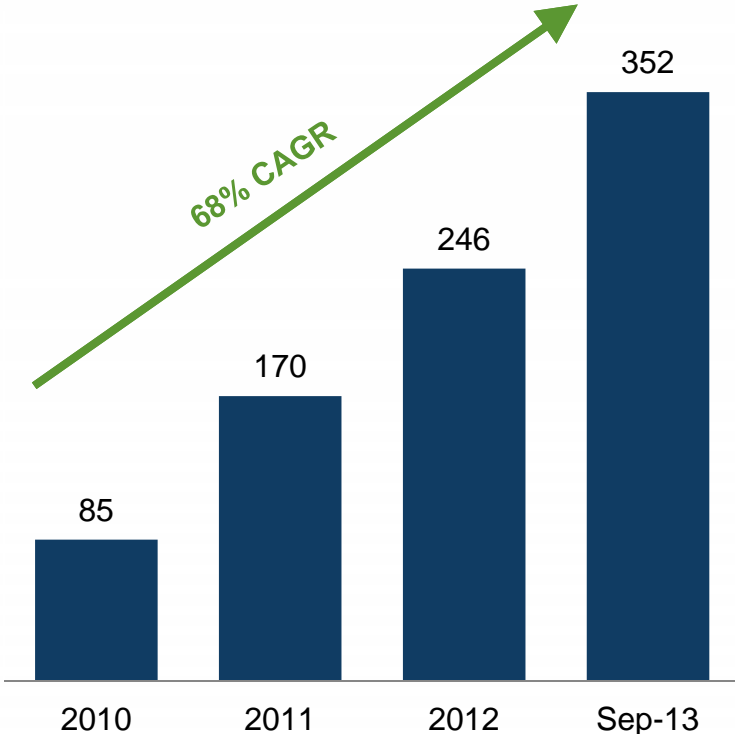
### Leading compliance track record

### Key statistics as of September 30, 2013:

- £2.2 billion face value of debt acquired for £264 million
- 120-month gross ERC of £352 million
- 462K customer accounts
- LTM collections of £64 million
- LTM capital deployment of £115 million<sup>1</sup>

### Impressive growth track record

120-month gross ERC (£m)



Source: Company information  
1. Includes £50M funded by consortium partners

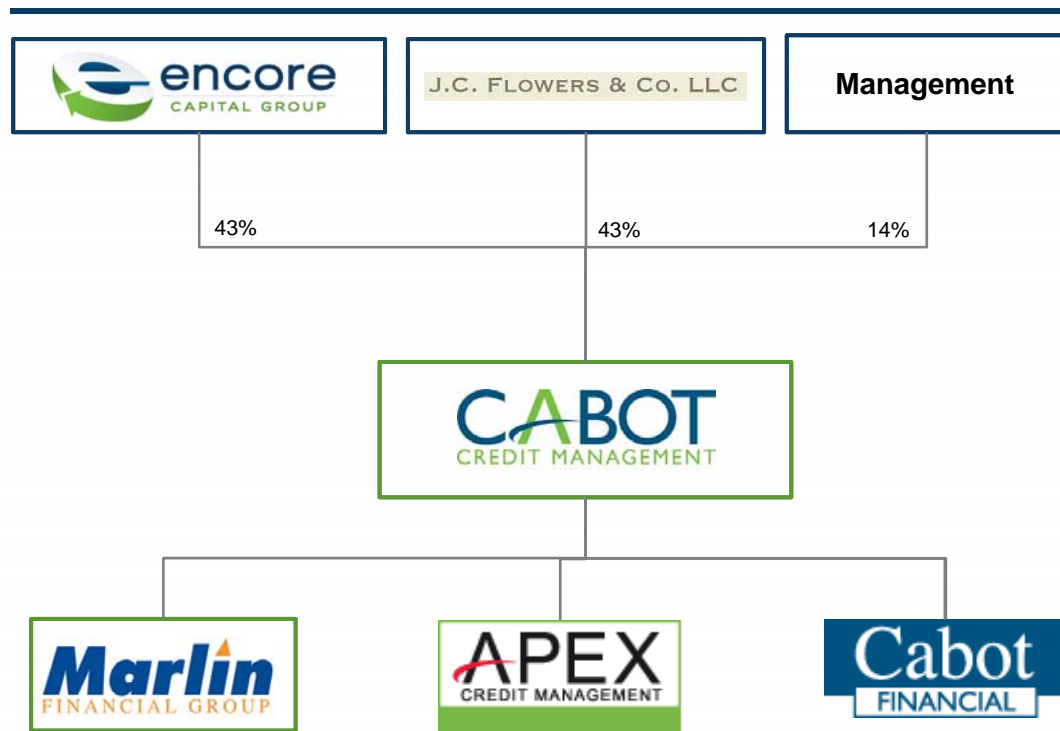
# MARLIN PRESENTS A UNIQUE AND COMPELLING OPPORTUNITY FOR CABOT TO ENHANCE ITS UK MARKET POSITION

## Investment rationale

<b>Creates the UK market leader by ERC</b>	<ul style="list-style-type: none"><li>Increases Encore's exposure to the high-growth UK market</li><li>Strong relationships with key vendor banks make Cabot+Marlin well-placed to increasingly become the purchaser of choice</li></ul>
<b>Strong growth profile</b>	<ul style="list-style-type: none"><li>Cabot+Marlin can leverage the full extent of UK market growth with complementary niches</li><li>Ability to sustain IRRs on future purchases through incremental litigation collections and other synergies</li></ul>
<b>Enhanced, sustainable profitability</b>	<ul style="list-style-type: none"><li>Creates the ability to optimize account scoring and collection channel across both operations</li><li>Operational efficiencies and economies of scale</li></ul>
<b>Deep management bench strength</b>	<ul style="list-style-type: none"><li>Valuable additional talent pool with deep industry experience</li></ul>

# COMBINATION STRENGTHENS LEADING UK DEBT PURCHASER

## Combined ownership structure



## Key management team



**Ken Stannard**  
*Chief Executive Officer*

- Current Marlin CEO
- Previously Managing Director, Credit Cards, Lloyds Banking Group
- Managing Director, Capital One UK Head of European Operations, American Express



**Chris Ross-Roberts**  
*Chief Financial Officer*

- Current Cabot CFO
- Previously Group Finance Director, BPP Holdings
- 15 years of board level experience



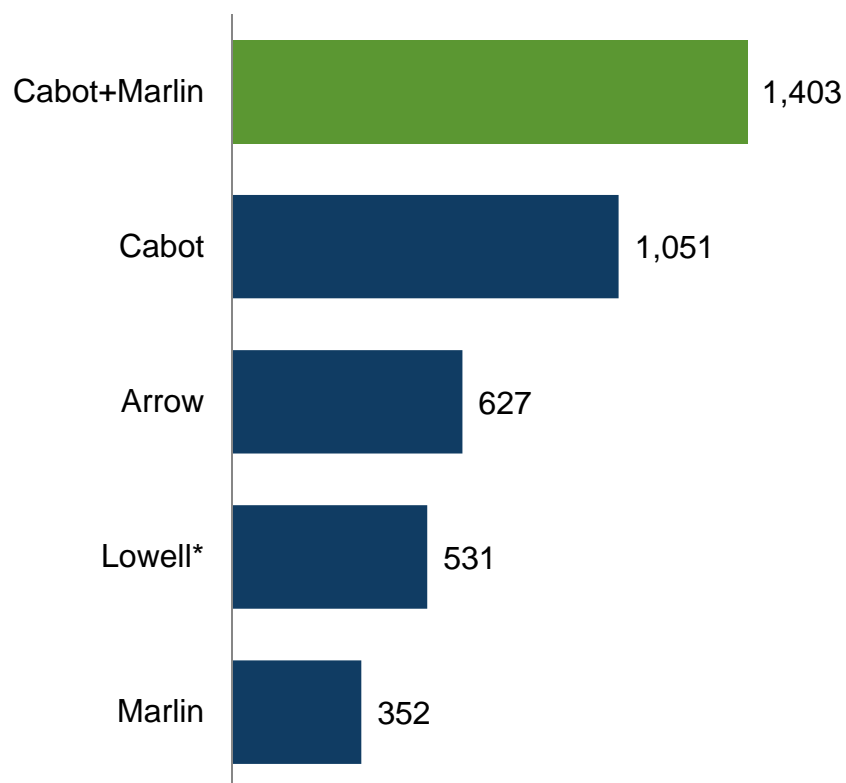
**Stephen Mound**  
*Director and Chief Operating Officer*

- Current Cabot COO
- 28 years of financial services experience
- Previously worked at the Co-operative Bank and Littlewoods Shop Direct Group

# THE TRANSACTION WILL POSITION CABOT+MARLIN AS THE LEADER IN THE UK DEBT PURCHASING MARKET

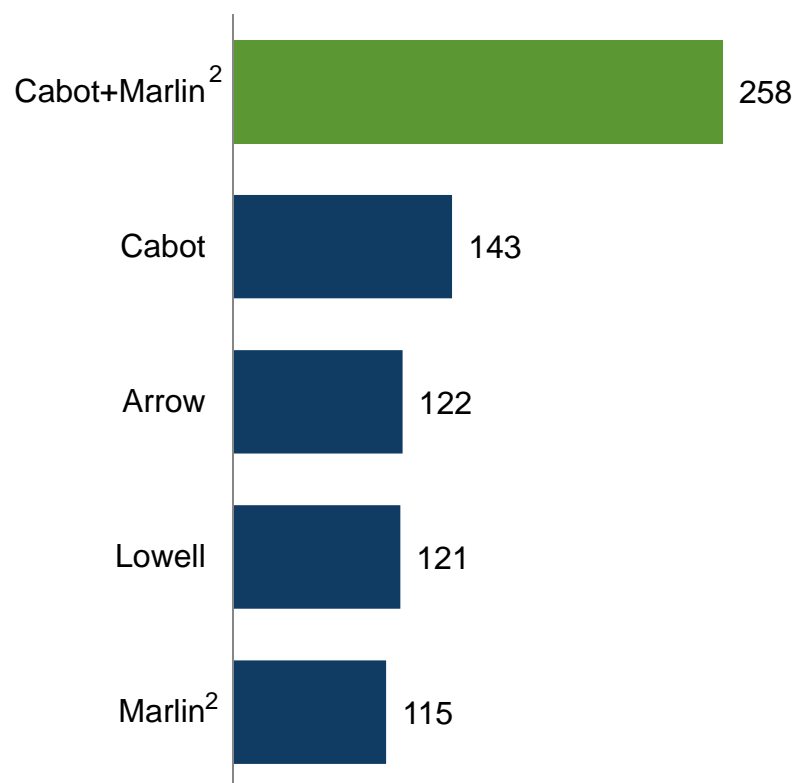
## 120-month gross ERC <sup>1</sup>

£ millions



## LTM portfolio purchases <sup>1</sup>

£ millions

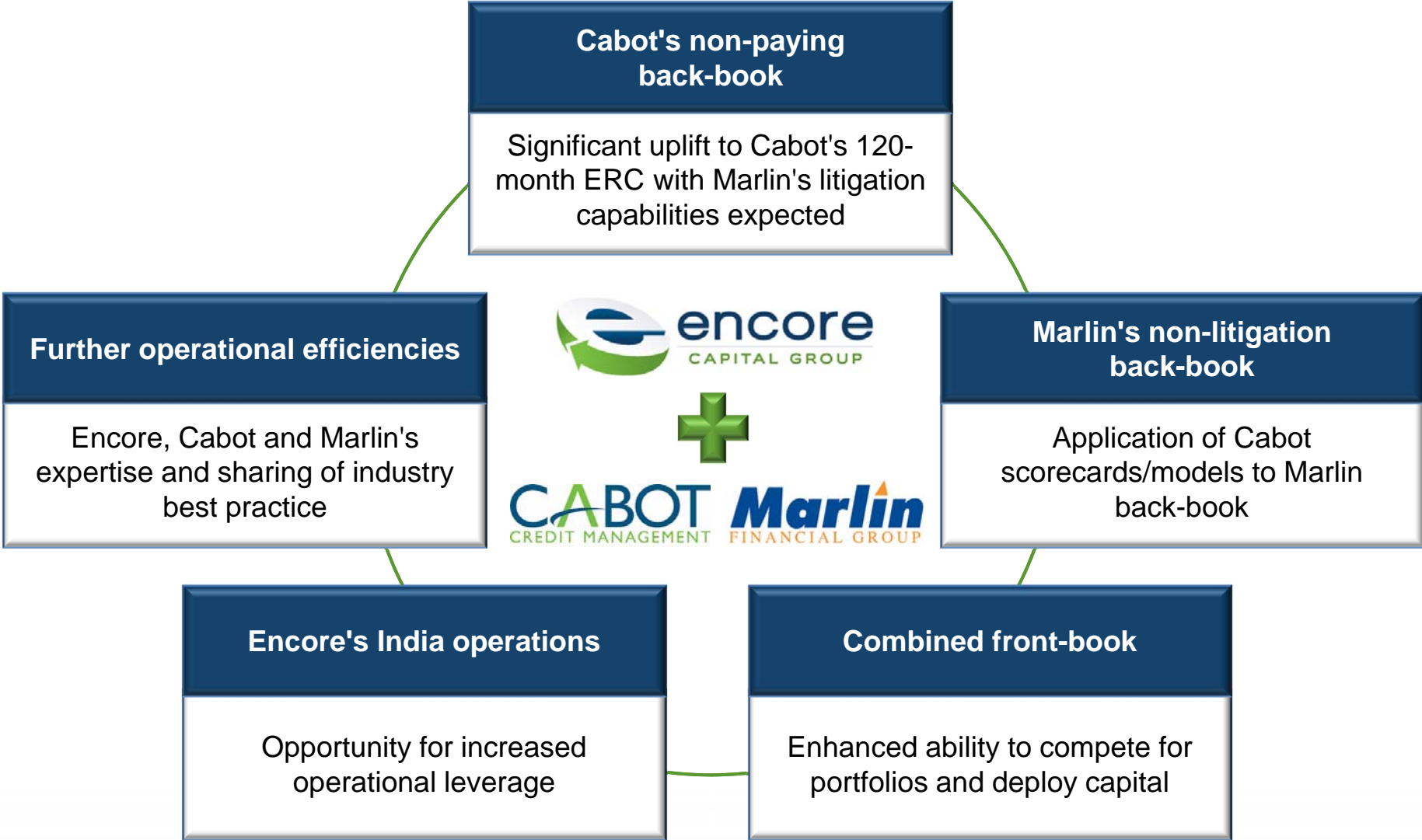


Source: Company information

1. As of September 30, 2013, selected peers represent UK debt purchasers with publicly traded bonds

2. Includes £50M funded by consortium partners \* ERC is for 84 months

# THE TRANSACTION PRESENTS SUBSTANTIAL SYNERGY OPPORTUNITIES ACROSS ALL OF OUR COMBINED OPERATIONS





## THE TRANSACTION HAS A FAVORABLE FUNDING STRUCTURE AND FINANCIAL IMPACT TO ENCORE

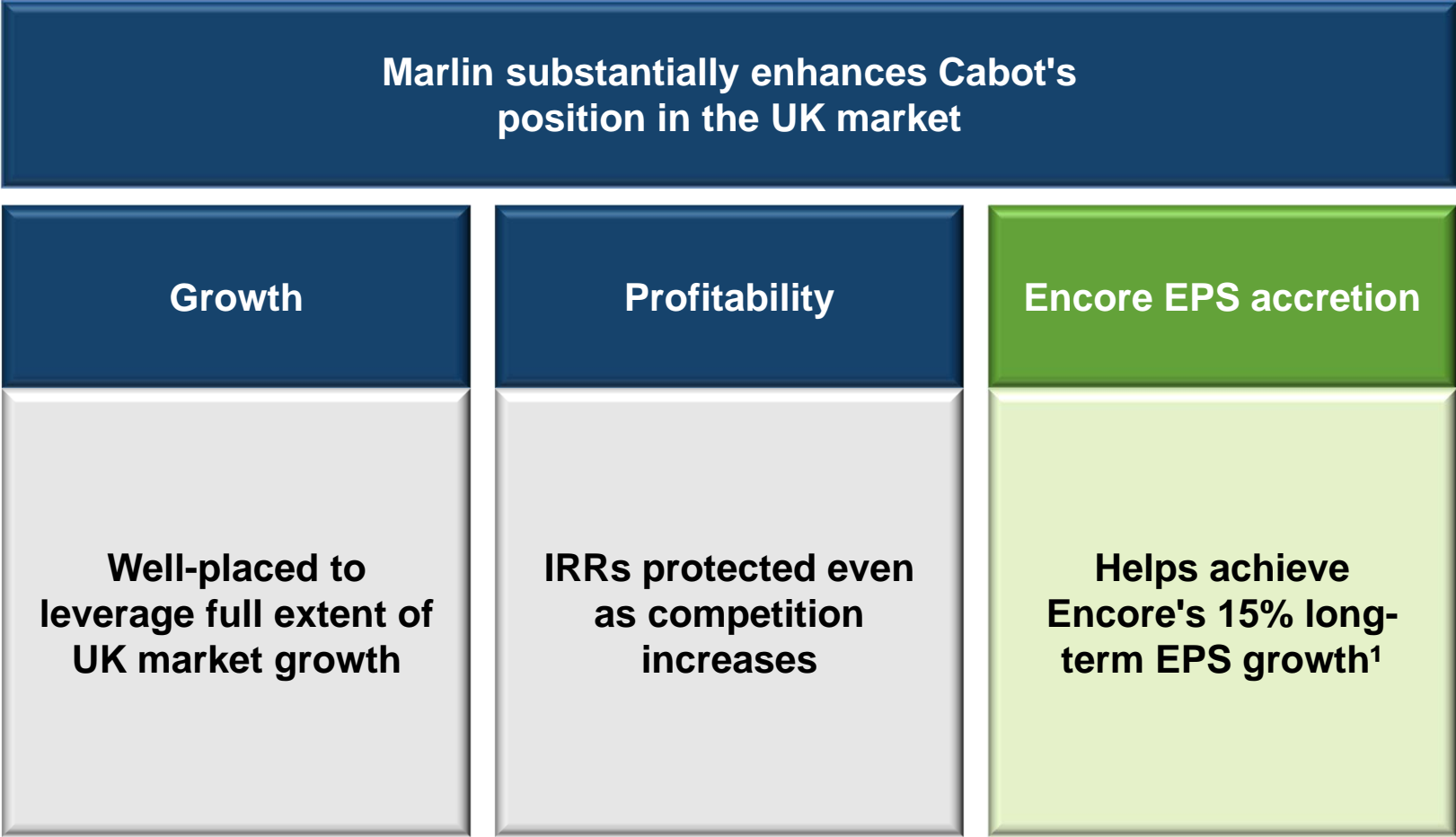
**Gross transaction value of  
£295 million**

**Fully funded by debt  
at the Cabot level**

**Transaction expected to be  
accretive to Encore's 2014 EPS**

- No additional investment from Encore
- Marlin's existing bond will remain in place
- Financed by a combination of drawings on Cabot's existing revolving credit facility and a £105 million new senior secured bridge facility

# MARLIN PROVIDES AN ENHANCED PLATFORM FOR ENCORE'S SUSTAINED WORLDWIDE EARNINGS GROWTH



1. Calculation of EPS excludes one-time transaction and integration costs and non-cash interest associated with the Company's 2012 convertible debt offering