Encore Capital Group, Inc.

Q4 AND FULL-YEAR 2018 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.

2018 ACCOMPLISHMENTS

U.S. Portfolio Purchases	Global Collections	Global Revenue[1]
$638M	$1.97B	$1.36B
up 19%	up 11%	up 15%
Record	Record	Record

GAAP EPS[2]	GAAP Net Income[2]	Economic EPS[3]	Adjusted Income[3]
$4.06	$116M	$4.98	$142M
up 28%	up 39%	up 23%	up 34%
Record	Record	Record	Record

Completed acquisition of the remaining interest in Cabot

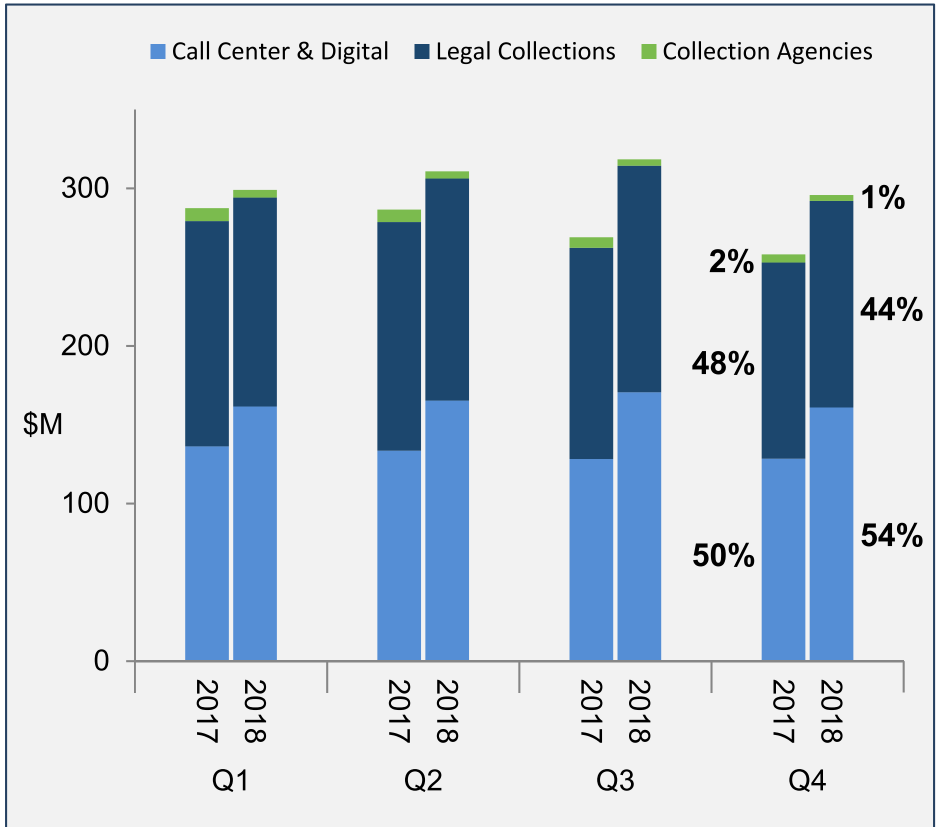
1) Total Revenue, adjusted by net allowances and allowance reversals
2) From continuing operations attributable to Encore
3) Please refer to Appendix for reconciliation of Economic EPS and Adjusted Income to GAAP

WE GREW COLLECTIONS IN THE U.S. BY 11% IN 2018 TO A RECORD $1.22 BILLION

Encore's U.S. Operations

- U.S. collections grew by 15% in the quarter compared to Q4 2017
- U.S. call center & digital collections grew by 25% in the year versus 2017 and by 25% in the quarter versus Q4 2017
- Consumer-centric approach and increased productivity are driving a higher proportion of call center & digital collections compared to legal collections
- Operational innovation, including digital collections and speech analytics, continues to drive strong collections

Encore U.S. Collections by Channel

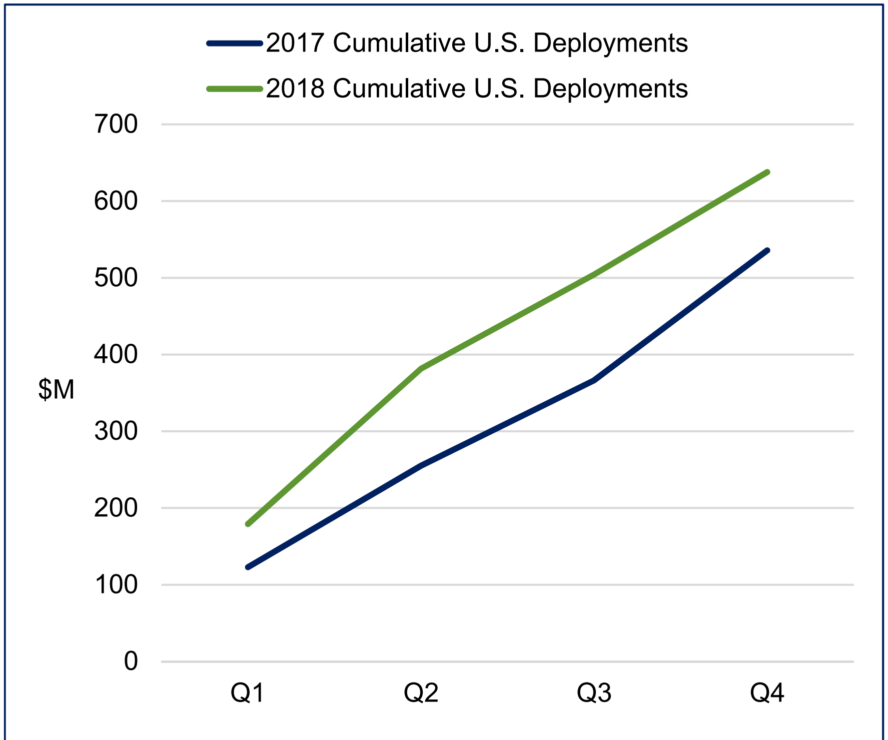


WE INCREASED CAPITAL DEPLOYMENTS IN THE U.S. MARKET BY 19% TO A RECORD $638M

Encore's U.S. Deployments

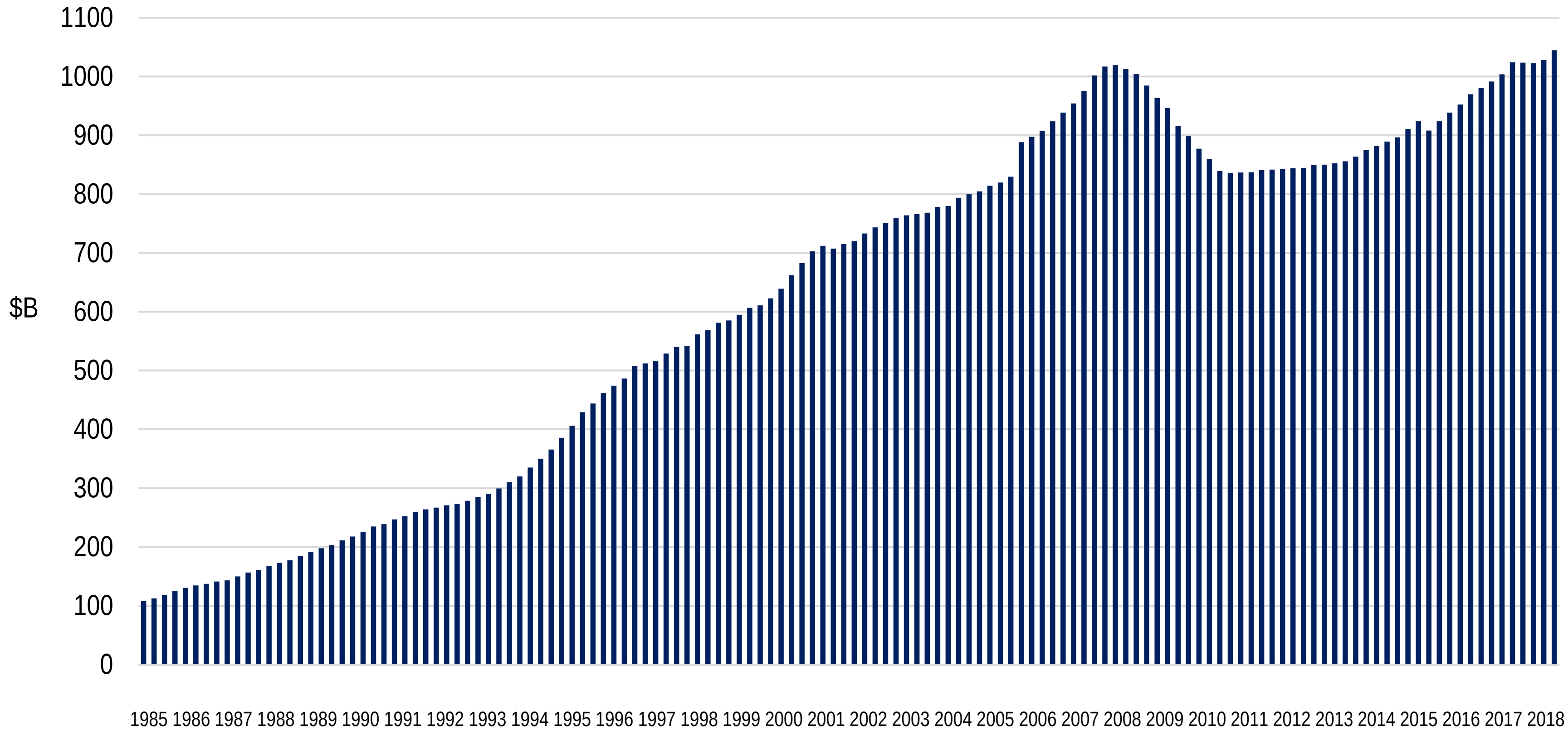
- We continue to capitalize on a favorable purchasing environment in the U.S. that provides attractive returns
- We have already secured approximately $480M of forward flow commitments for 2019
- We expect to continue to grow deployments
- Nearly all of our portfolio purchases in 2018 were comprised of fresh paper

Encore U.S. Cumulative Deployments



U.S. REVOLVING CONSUMER DEBT REACHED ANOTHER ALL-TIME HIGH LEVEL IN DECEMBER 2018

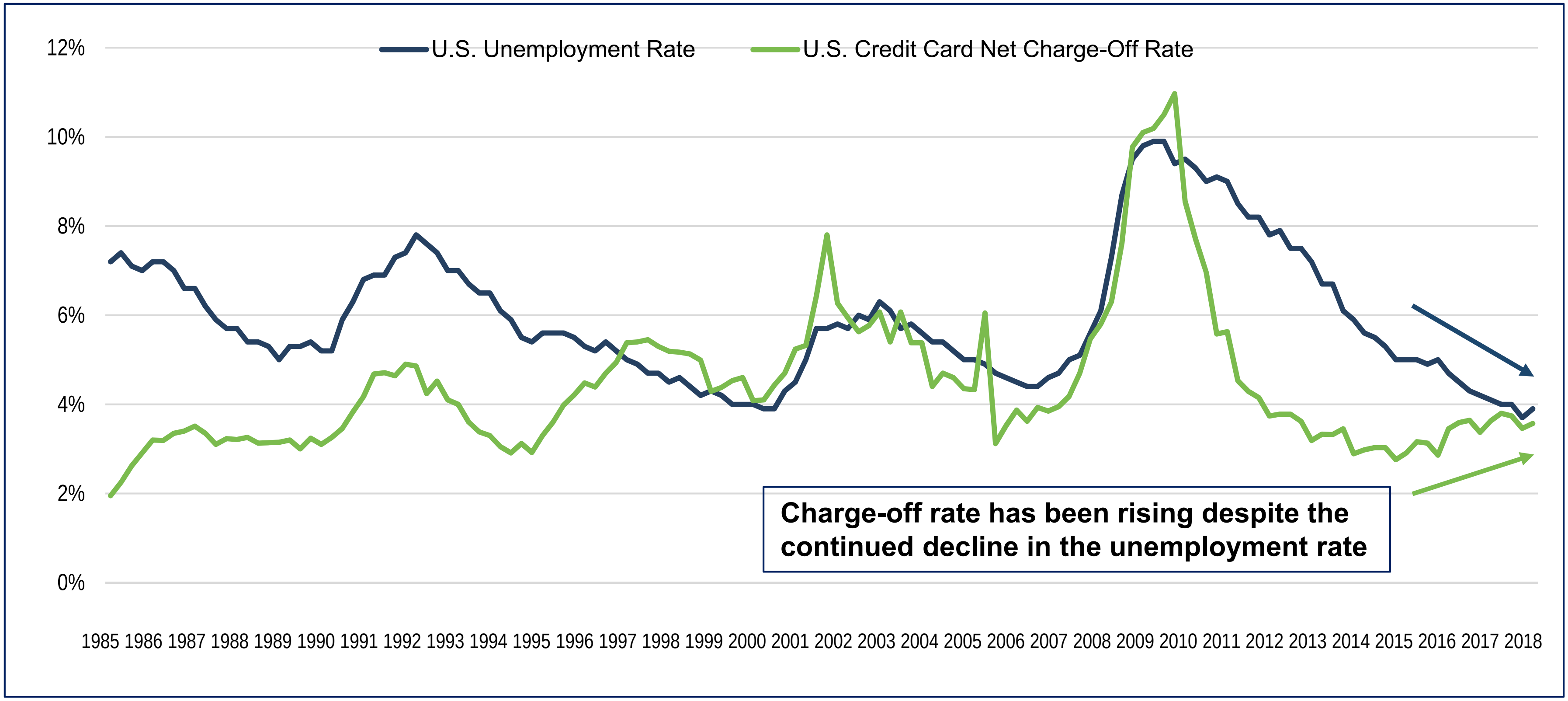
U.S. Revolving Consumer Credit Outstanding[1]



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

WHEN THE U.S. UNEMPLOYMENT RATE BEGINS TO RISE, WE EXPECT TO SEE A FURTHER RISE IN CHARGE-OFFS

U.S. Unemployment Rate[1] vs. U.S. Credit Card Net Charge-Off Rate[2]



1) U.S. Department of Labor, Bureau of Labor Statistics, seasonally adjusted
2) U.S. Federal Reserve credit card net charge-off rate

Historically, a strong correlation has existed between charge-offs and unemployment

IN EUROPE, WE'RE SEEING AN ACTIVE MARKET WITH OPPORTUNITIES TO WIN BUSINESS AT ATTRACTIVE RETURNS

European Market

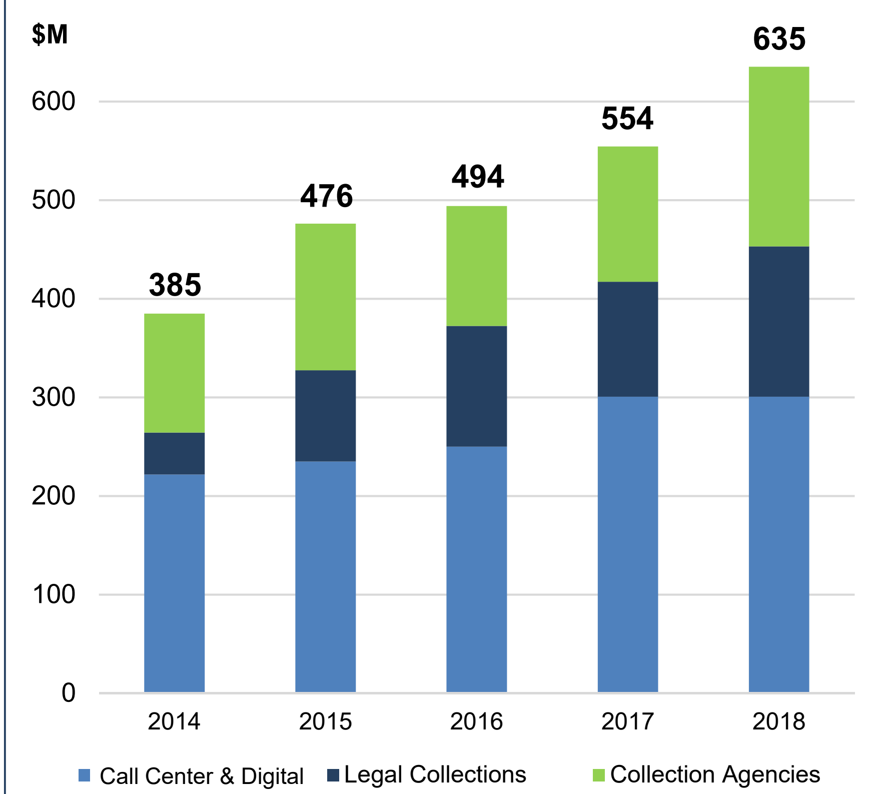
- We continued to see growth in the number of portfolio sales by banks in the fourth quarter, consisting of both spot market transactions and forward flow opportunities
- Banks continue to improve their balance sheets through sales of charged-off receivables, encouraged by continuing regulatory and supervisory pressure
- A growing pipeline of servicing opportunities is emerging, particularly in the U.K., as banks look to outsource more of their credit management needs
- In the U.K., we anticipate a significant rise in consumer default rates, driven by the rise in consumer indebtedness

TRANSFORMATIONAL CABOT TRANSACTION PROVIDES US A LEADING PLATFORM IN EUROPE

Encore's European Business

- We purchased $455M of portfolios in 2018 with the majority in the U.K.
- Collections from our European debt purchasing business grew 15% in 2018
- Overall European revenues grew 30% in 2018, which included a full year of Wescot servicing revenue
- We expect to be even more selective in our investment decisions in Europe, as well as allocate a higher proportion of capital to the attractive U.S. market in 2019
- We expect to reduce Cabot's leverage as a result of our more selective purchasing, focus on capital light servicing and operating efficiencies

Encore European Collections by Channel



Detailed Financial Discussion

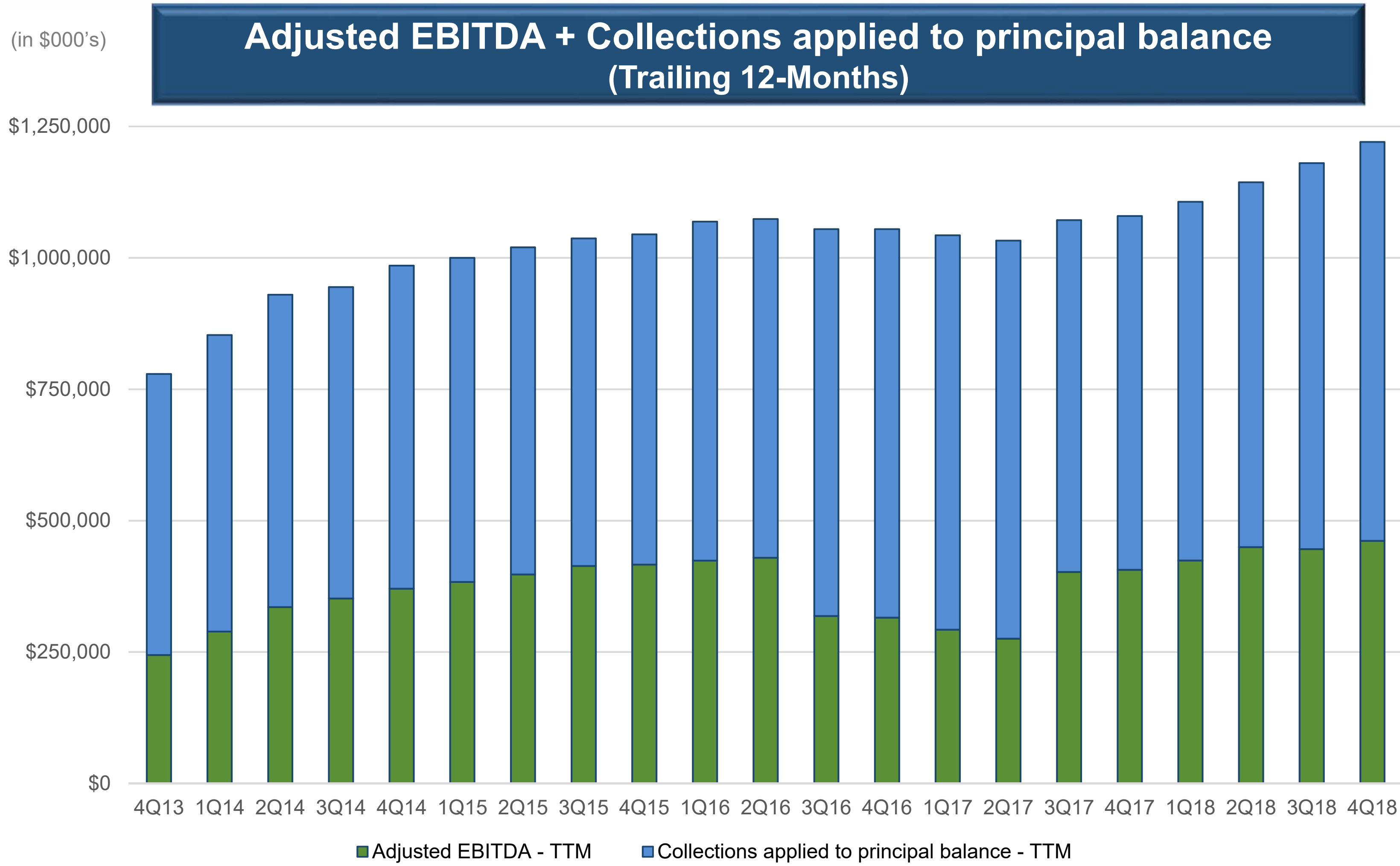
ENCORE'S FOURTH QUARTER 2018 GAAP EPS WAS $1.50

GAAP EPS[1]	GAAP Net Income[1]	Economic EPS[2]	Adjusted Income[2]
$1.50	$47.0M	$1.45	$45.5M
Record	Record	Record	Record

1) From continuing operations attributable to Encore
2) Please refer to Appendix for reconciliation of Economic EPS and Adjusted Income to GAAP

encore CAPITAL GROUP

OUR ADJUSTED EBITDA REFLECTS OUR STRONG CASH GENERATION



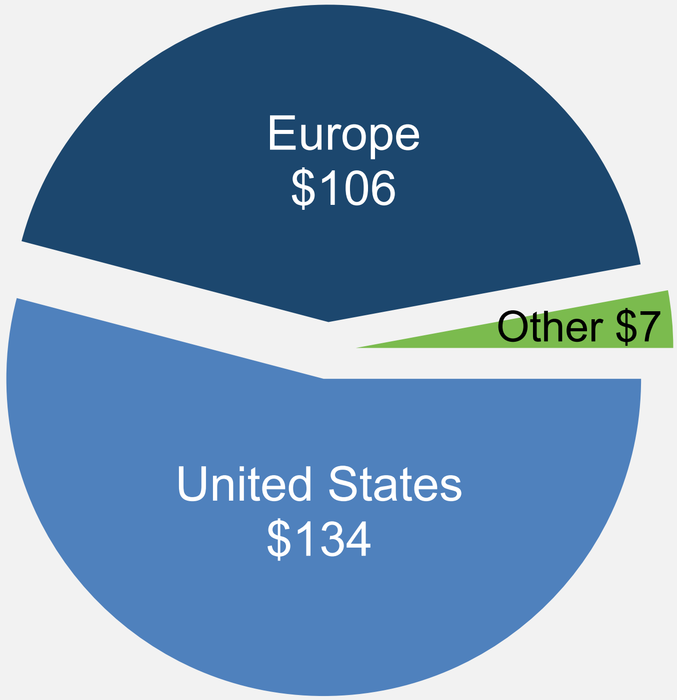
Note: See appendix for reconciliation of Adjusted EBITDA to GAAP net income.

2018 DEPLOYMENTS REFLECT A RECORD YEAR OF PORTFOLIO PURCHASING IN THE U.S.

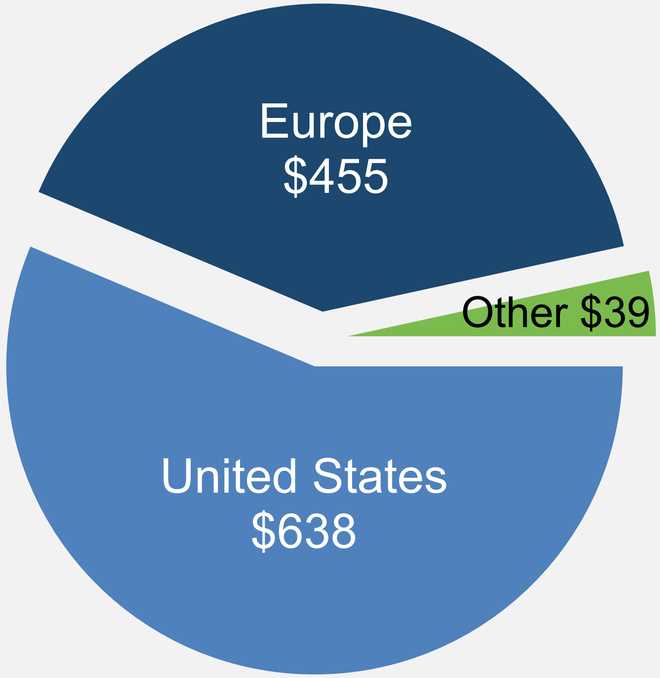
Q4-2018 Deployments

2018 Deployments

$M



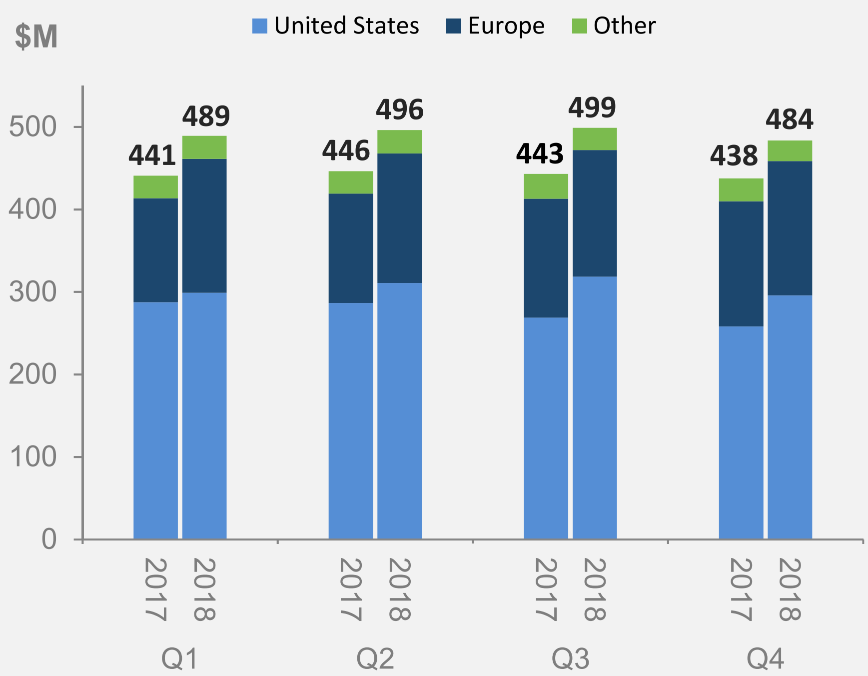
Total $247



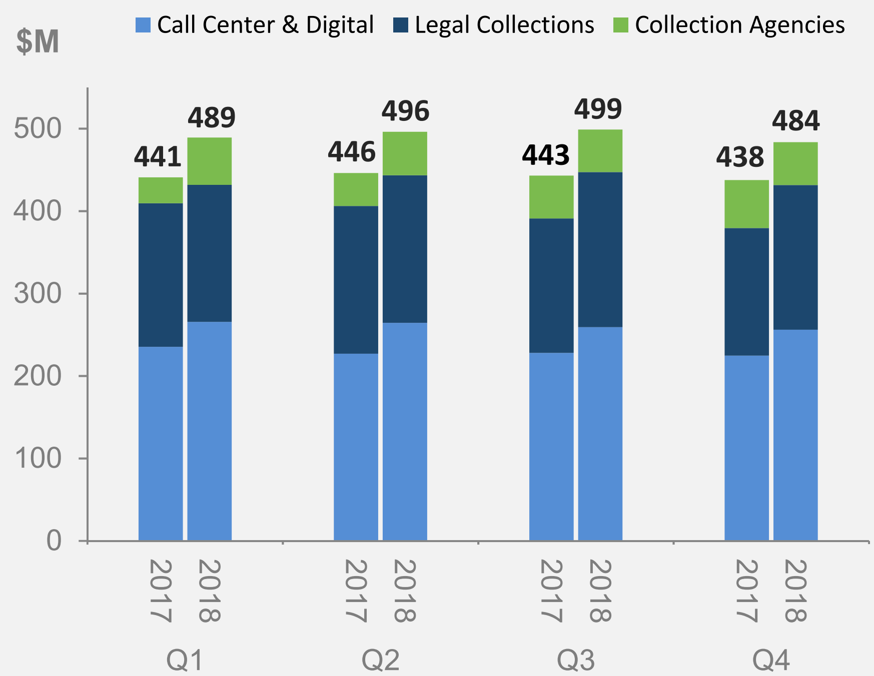
Total $1,132

COLLECTIONS IN THE FOURTH QUARTER WERE UP 11%, REFLECTING GROWTH IN THE U.S. AND EUROPE

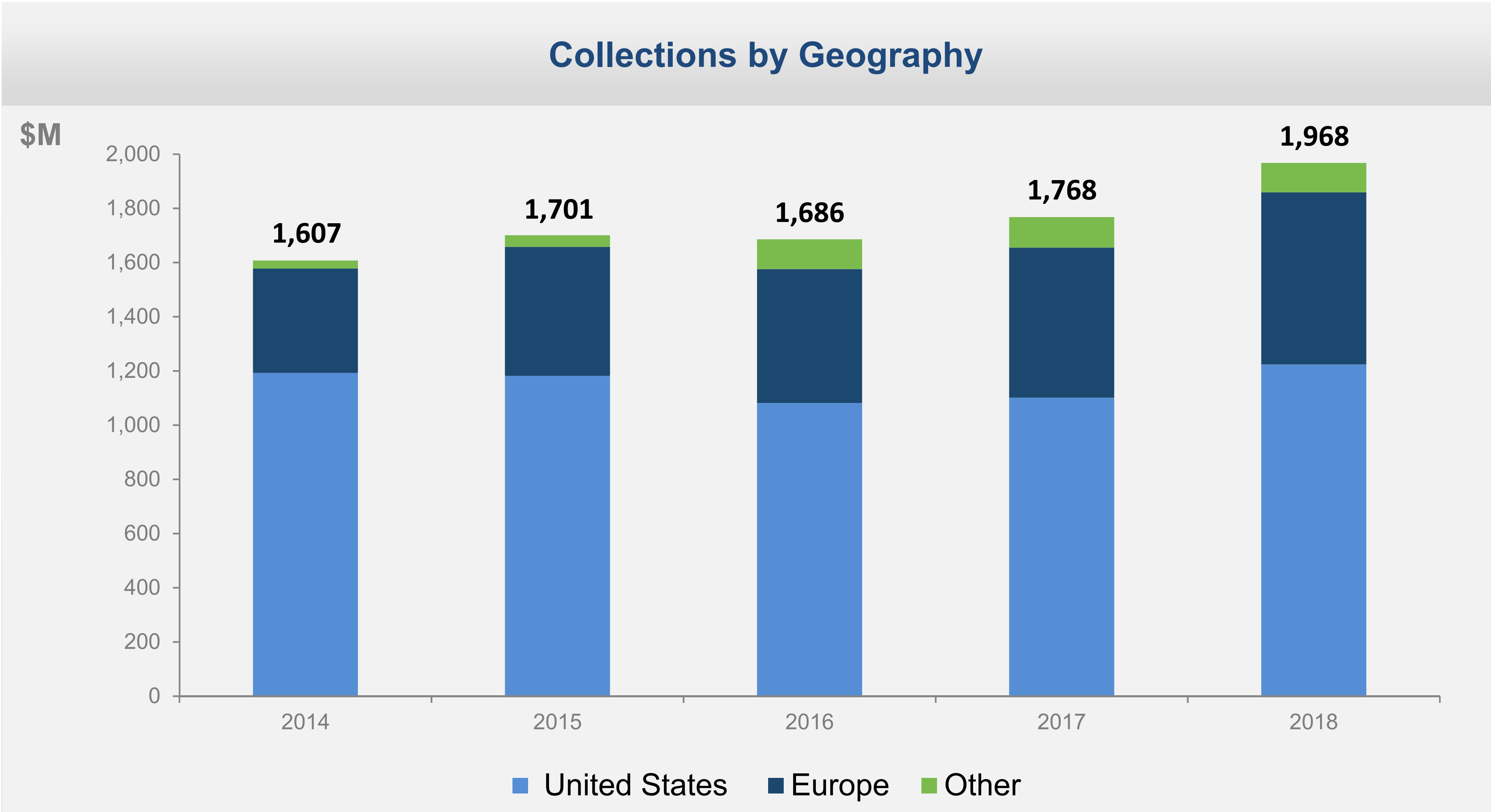
Collections by Geography



Collections by Channel

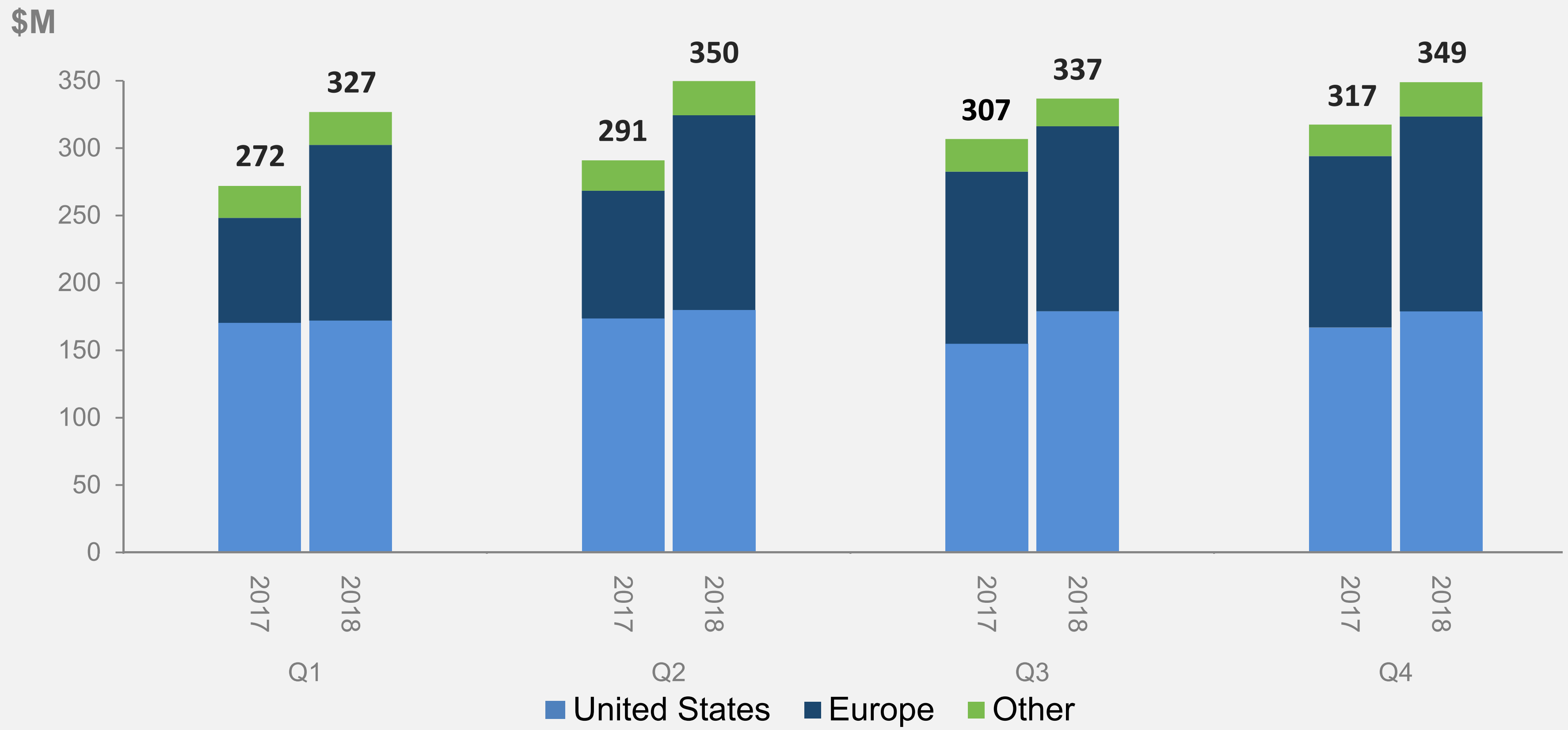


ENCORE'S ANNUAL GLOBAL COLLECTIONS GREW 11% AND REACHED AN ALL-TIME HIGH IN 2018



Q4 GLOBAL REVENUE GROWTH OF 10% REFLECTS STRONG COLLECTIONS GROWTH IN THE UNITED STATES AND EUROPE

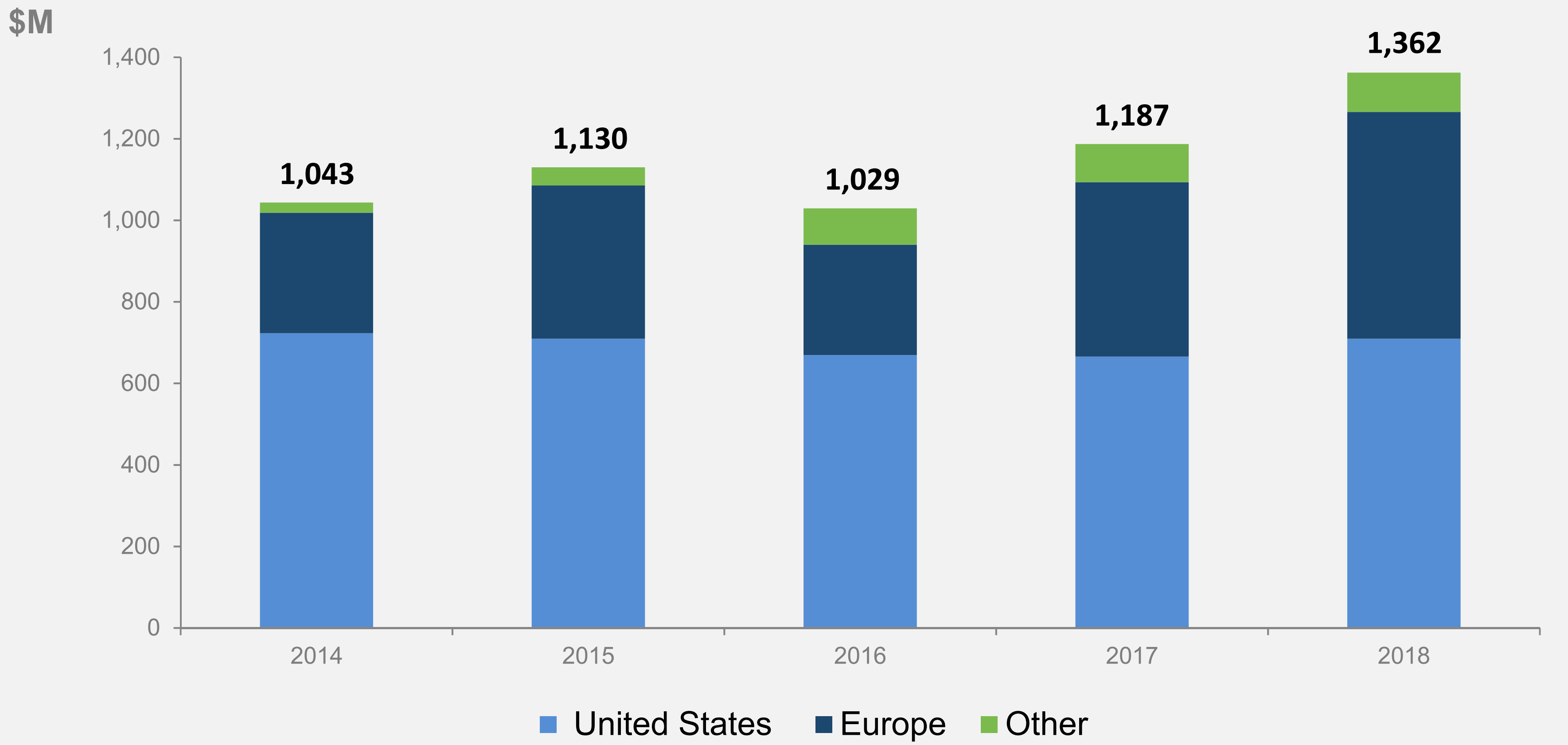
Revenue[1] by Geography



1) Net of allowances and allowance reversals

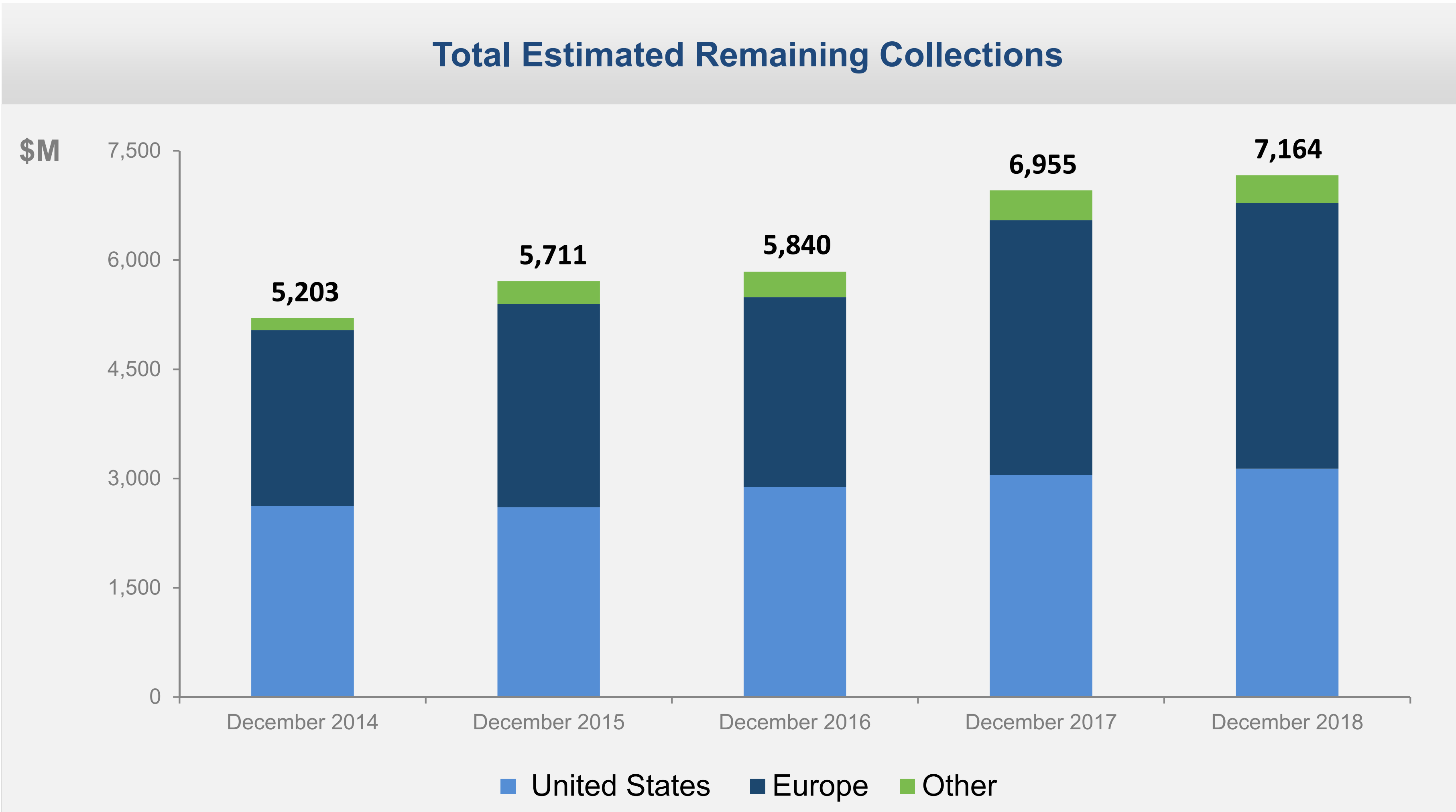
2018 GLOBAL REVENUE GROWTH OF 15%, TO A RECORD $1.36 BILLION, PRIMARILY REFLECTS OUR STRONG GROWTH IN EUROPE

Revenue[1] by Geography



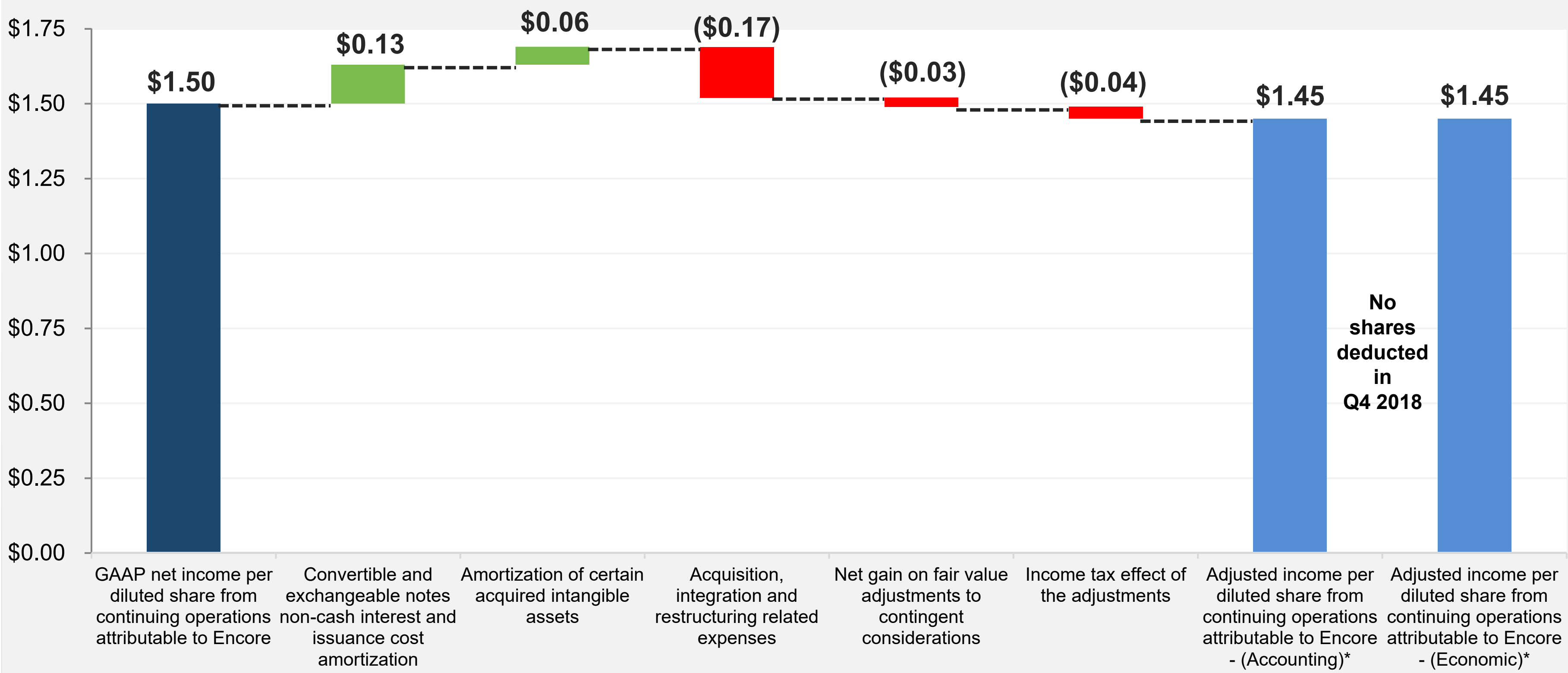
1) Net of Allowances and allowance reversals

ESTIMATED REMAINING COLLECTIONS GREW $209 MILLION IN THE LAST 12 MONTHS, TO $7.2 BILLION



ENCORE REPORTED GAAP EPS OF $1.50 AND ECONOMIC EPS OF $1.45 IN THE FOURTH QUARTER OF 2018

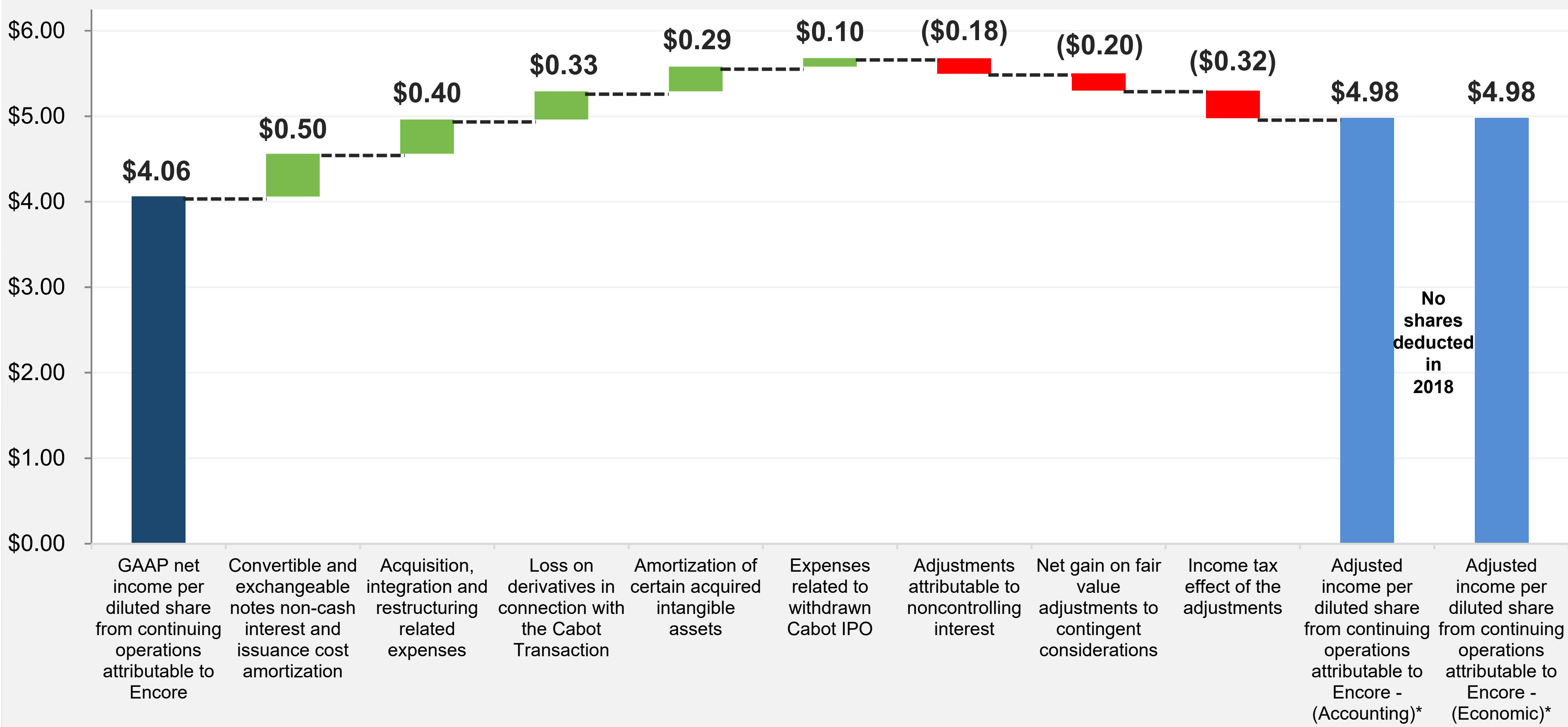
Three Months Ended December 31, 2018



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

ENCORE REPORTED GAAP EPS OF $4.06 AND ECONOMIC EPS OF $4.98 IN 2018

Twelve Months Ended December 31, 2018



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

SUMMARY AND OUTLOOK

2018 Summary

- Encore's 2018 results include records for cash collections, revenues and earnings
- We deployed a record level of capital in the attractive U.S. market in 2018, and call center and digital collections were up 25%
- In Europe, debt purchasing collections grew 15%, and revenues, including a full year of Wescot servicing, grew 30% in 2018
- Transformational Cabot transaction positions us for leadership in U.K. purchasing and servicing, provides synergies across European and U.S. operations

Outlook

- In Europe, we expect debt purchasing collections to continue to grow, and we plan to continue to expand our capital-light servicing business
- We expect a higher proportion of our capital deployments to occur in the U.S. in 2019 to take advantage of the market's higher returns
- We expect portfolios with higher multiples will be available in the U.S. market when the growth in credit card charge-offs accelerates

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

	December 31,					
	2018			2017		
	$	Per Diluted Share – Accounting	Per Diluted Share – Economic	$	Per Diluted Share – Accounting	Per Diluted Share – Economic
GAAP net income from continuing operations attributable to Encore, as reported	**$ 47,036**	**$ 1.50**	**$ 1.50**	**$ 12,681**	**$ 0.48**	**$ 0.48**
Adjustments:						
Convertible and exchangeable notes non-cash interest and issuance cost amortization	4,072	0.13	0.13	3,126	0.12	0.12
Acquisition, integration and restructuring related expenses[1]	(5,179)	(0.17)	(0.17)	11,911	0.45	0.45
Net gain on fair value adjustments to contingent considerations[2]	(1,012)	(0.03)	(0.03)	(49)	0.00	0.00
Amortization of certain acquired intangible assets[3]	1,886	0.06	0.06	1,610	0.06	0.06
Expenses related to withdrawn Cabot IPO[4]	---	---	---	15,339	0.58	0.58
Income tax effect of the adjustments[5]	(1,316)	(0.04)	(0.04)	(4,183)	(0.16)	(0.16)
Adjustments attributable to noncontrolling interest[6]	---	---	---	(13,965)	(0.53)	(0.53)
Impact from tax reform[7]	---	---	---	1,182	0.05	0.05
Adjusted income from continuing operations attributable to Encore	**$ 45,487**	**$ 1.45**	**$ 1.45**	**$ 27,652**	**$ 1.05**	**$ 1.05**

1) 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.
2) 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.
3) 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, particularly in recent quarters. 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.
4) 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.
5) Amount represents the total income tax effect of the adjustments, which is calculated based on the applicable marginal tax rate of the jurisdiction in which the portion of the adjustment occurred.
6) 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.
7) As a result of the U.S. Tax Cuts and Jobs Act (the "Tax Reform Act"), we incurred a net additional tax expense of approximately $1.2 million. We believe the Tax Reform Act related expenses are not indicative of our ongoing operations, therefore adjusting for these expenses enhances comparability to prior periods, anticipated future periods, and our competitors' results.

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), Twelve Months Ended

	December 31, 2018			December 31, 2017		
	$	Per Diluted Share Accounting	Per Diluted Share Economic	$	Per Diluted Share Accounting	Per Diluted Share Economic
GAAP net income from continuing operations attributable to Encore, as reported	**$ 115,886**	**$ 4.06**	**$ 4.06**	**$ 83,427**	**$ 3.16**	**$ 3.18**
Adjustments:						
Convertible and exchangeable notes non-cash interest and issuance cost amortization	13,896	0.50	0.50	12,353	0.47	0.47
Acquisition, integration and restructuring related expenses[1]	11,506	0.40	0.40	16,628	0.63	0.63
Loss on derivatives in connection with the Cabot Transaction[2]	9,315	0.33	0.33	---	---	---
Amortization of certain acquired intangible assets[3]	8,337	0.29	0.29	3,561	0.13	0.14
Expenses related to withdrawn Cabot IPO[4]	2,984	0.10	0.10	15,339	0.58	0.58
Settlement fees and related administrative expenses[5]	---	---	---	---	---	---
Impact from tax reform[6]	---	---	---	1,182	0.05	0.05
Adjustments attributable to noncontrolling interest[7]	(5,022)	(0.18)	(0.18)	(15,720)	(0.60)	(0.60)
Net gain on fair value adjustments to contingent considerations[8]	(5,664)	(0.20)	(0.20)	(2,822)	(0.11)	(0.11)
Income tax effect of the adjustments[9]	(9,079)	(0.32)	(0.32)	(7,936)	(0.30)	(0.30)
Adjusted income from continuing operations attributable to Encore	**$ 142,159**	**$ 4.98**	**$ 4.98**	**$ 106,012**	**$ 4.01**	**$ 4.04**

1) 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.
2) 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.
3) As acquired debt solution service providers around the world, our acquired intangible assets, such as trade names and customer relationships, increased 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.
4) 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.
5) 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.
6) As a result of the Tax Reform Act, we incurred a net additional tax expense of approximately $1.2 million during the year ended December 31, 2017. We believe the Tax Reform Act related expenses are not indicative of our ongoing operations, therefore adjusting for these expenses enhances comparability to prior periods, anticipated future periods, and our competitors' results.
7) 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.
8) 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.
9) 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.

RECONCILIATION OF ADJUSTED EBITDA

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

	06/30/13	09/30/13	12/31/13	03/31/14	06/30/14	09/30/14	12/31/14	03/31/15
GAAP net income (loss), as reported	**$ 11,012**	**$ 21,064**	**$ 22,216**	**$ 18,830**	**$ 21,353**	**$ 30,138**	**$ 27,957**	**$ 29,967**
(Income) loss from discontinued operations, net of tax	(323)	(836)	463	(967)	(1,212)	(2,068)	(958)	(1,880)
Interest expense	7,482	29,186	29,747	37,962	43,218	43,498	42,264	42,303
Interest income[1]	-	-	-	(168)	(238)	(258)	(298)	(414)
Provision (Benefit) for income taxes	6,950	9,707	14,805	11,275	13,100	8,636	15,558	14,614
Depreciation and amortization	2,057	4,395	4,873	5,897	6,619	6,725	7,860	8,137
Stock-based compensation expense	2,179	3,983	3,486	4,836	4,715	4,009	3,621	5,905
Acquisition, integration and restructuring related expenses[2]	16,148	7,703	4,003	10,943	4,616	1,000	2,212	2,766
Settlement fees and related administrative expenses[3]	-	-	-	-	-	-	-	-
Gain on fair value adjustments to contingent considerations[4]	-	-	-	-	-	-	-	-
Expenses related to Cabot IPO[5]	-	-	-	-	-	-	-	-
Loss on derivatives in connection with Cabot Transaction[6]	-	-	-	-	-	-	-	-
Adjusted EBITDA	**$ 45,505**	**$ 75,202**	**$ 79,593**	**$ 88,608**	**$ 92,171**	**$ 91,680**	**$ 98,216**	**$ 101,398**
Collections applied to principal balance[7]	131,044	157,262	116,861	159,106	161,048	155,435	139,076	160,961

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 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) Amounts represent 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 these amounts because we do not believe these are indicative of ongoing operations. Refer to Note 3 "Fair Value Measurement - Contingent Consideration" in the notes to our condensed consolidated financial statements for further details.
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 (continued)

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

	06/30/15	09/30/15	12/31/15	03/31/16	06/30/16	09/30/16	12/31/16	03/31/17
GAAP net income (loss), as reported	**$ 25,185**	**$ (9,364)**	**$ 1,596**	**$ 26,607**	**$ 30,833**	**$ (51,946)**	**$ 11,323**	**$ 14,979**
(Income) loss from discontinued operations, net of tax	(1,661)	(2,286)	29,214	3,182	-	-	(829)	199
Interest expense	46,250	47,816	50,187	50,691	50,597	48,632	48,447	49,198
Interest income[1]	(370)	(407)	(473)	(499)	(620)	(694)	(725)	(779)
Provision (Benefit) for income taxes	14,921	(6,361)	3,988	10,148	13,451	(13,768)	28,374	12,067
Depreciation and amortization	7,878	8,043	9,102	9,861	8,235	8,032	8,740	8,625
Stock-based compensation expense	6,198	5,156	4,749	3,718	5,151	633	3,125	750
Acquisition, integration and restructuring related expenses[2]	7,892	2,235	2,635	2,141	3,271	3,843	7,457	855
Settlement fees and related administrative expenses[3]	-	63,019	-	2,988	698	2,613	-	-
Gain on fair value adjustments to contingent considerations[4]	-	-	-	-	-	-	(8,111)	-
Expenses related to Cabot IPO[5]	-	-	-	-	-	-	-	-
Loss on derivatives in connection with Cabot Transaction[6]	-	-	-	-	-	-	-	-
Adjusted EBITDA	**$ 106,293**	**$ 107,851**	**$ 100,998**	**$ 108,837**	**$ 111,616**	**$ (2,655)**	**$ 97,801**	**$ 85,894**
Collections applied to principal balance[7]	167,024	156,229	144,075	177,711	166,648	247,427	147,203	188,893

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 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) Amounts represent 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 these amounts because we do not believe these are indicative of ongoing operations. Refer to Note 3 "Fair Value Measurement - Contingent Consideration" in the notes to our condensed consolidated financial statements for further details.
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 (continued)

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

	06/30/17	09/30/17	12/31/17	03/31/18	06/30/18	09/30/18	12/31/18
GAAP net income (loss), as reported	**$ 19,076**	**$ 42,144**	**$ 2,779**	**$ 23,713**	**$ 26,974**	**$ 13,016**	**$ 46,033**
(Income) loss from discontinued operations, net of tax	-	-	-	-	-	-	-
Interest expense	50,516	52,755	51,692	57,462	60,536	65,094	56,956
Interest income[1]	(919)	(943)	(994)	(1,017)	(1,082)	(747)	(499)
Provision (Benefit) for income taxes	13,531	17,844	8,607	9,470	11,308	16,879	9,095
Depreciation and amortization	8,672	8,522	14,158	10,436	10,923	9,873	9,996
Stock-based compensation expense	2,760	3,531	3,358	2,276	3,169	5,007	2,528
Acquisition, integration and restructuring related expenses[2]	3,520	342	7,245	572	3,655	8,475	(5,179)
Settlement fees and related administrative expenses[3]	-	-	-	-	-	-	-
Net gain on fair value adjustments to contingent considerations[4]	(2,773)	-	(49)	(2,274)	(2,378)	-	(1,012)
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	**$ 94,383**	**$ 124,195**	**$ 102,135**	**$ 103,622**	**$ 119,683**	**$ 120,334**	**$ 117,918**
Collections applied to principal balance[7]	173,946	159,408	150,788	198,282	185,799	199,457	175,476

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 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) Amounts represent 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 these amounts because we do not believe these are indicative of ongoing operations. Refer to Note 3 "Fair Value Measurement - Contingent Consideration" in the notes to our condensed consolidated financial statements for further details.
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 OPERATING EXPENSES RELATED TO PORTFOLIO PURCHASING AND RECOVERY BUSINESS

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

	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18
GAAP total operating expenses, as reported	**$ 196,100**	**$ 210,323**	**$ 202,829**	**$ 253,246**	**$ 238,336**	**$ 246,314**	**$ 239,246**	**$ 232,834**
Adjustments:								
Operating expenses related to non-portfolio purchasing and recovery business[1]	(27,946)	(26,984)	(28,934)	(41,164)	(46,614)	(56,052)	(45,980)	(45,069)
Acquisition, integration and restructuring related expenses[2]	(855)	(3,520)	(342)	(11,911)	(572)	(3,655)	(8,475)	5,179
Stock-based compensation expense	(750)	(2,760)	(3,531)	(3,358)	(2,276)	(3,169)	(5,007)	(2,528)
Net gain on fair value adjustments to contingent considerations[3]	---	2,773	---	49	2,274	2,378	---	1,012
Expenses related to Cabot IPO[4]	---	---	---	(15,339)	(2,984)	---	---	---
Adjusted operating expenses related to portfolio purchasing and recovery business	**$ 166,549**	**$ 179,832**	**$ 170,022**	**$ 181,523**	**$ 188,164**	**$ 185,816**	**$ 179,784**	**$ 191,428**

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 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 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.
4) 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.

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

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

	12/31/17	12/31/18
GAAP total operating expenses, as reported	**$ 862,498**	**$ 956,730**
Adjustments:		
Operating expenses related to non-portfolio purchasing and recovery business[1]	(125,028)	(193,715)
Acquisition, integration and restructuring related expenses[2]	(16,628)	(7,523)
Stock-based compensation expense	(10,399)	(12,980)
Net gain on fair value adjustments to contingent considerations[3]	2,822	5,664
Expenses related to Cabot IPO[4]	(15,339)	(2,984)
Adjusted operating expenses related to portfolio purchasing and recovery business	**$ 697,926**	**$ 745,192**

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 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 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.
4) 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.

IMPACT OF FLUCTUATIONS IN FOREIGN CURRENCY EXCHANGE RATES

(Unaudited, In Millions, except per share amounts)

Three Months Ended 12/31/18	As Reported	Constant Currency
Revenue	$349	$355
Operating expenses	$233	$237
Net income*	$47	$48
Adjusted income*	$45	$47
GAAP EPS*	$1.50	$1.55
Economic EPS*	$1.45	$1.49
Collections	$484	$491
ERC	$7,164	$7,408

Year Ended 12/31/18	As Reported	Constant Currency
Revenue	$1,362	$1,345
Operating expenses	$957	$947
Net income*	$116	$115
Adjusted income*	$142	$141
GAAP EPS*	$4.06	$4.03
Economic EPS*	$4.98	$4.94
Collections	$1,968	$1,948
ERC	$7,164	$7,408

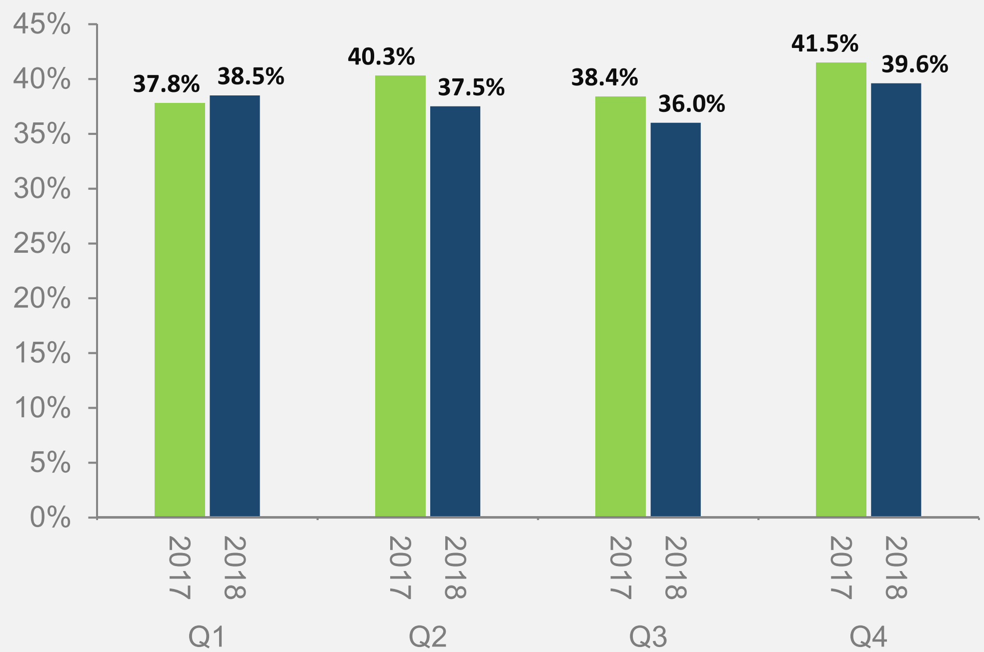
* from continuing operations attributable to Encore.

Note: Constant Currency figures are calculated by employing Q4 2017 foreign currency exchange rates to recalculate Q4 2018 results and FY2017 foreign currency exchange rates to recalculate FY2018 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.

encore CAPITAL GROUP

2018 IMPROVEMENT IN COST-TO-COLLECT PRIMARILY REFLECTS A HIGHER PROPORTION OF CALL CENTER AND DIGITAL COLLECTIONS

Overall Cost-to-Collect[1]



Location	Q4 2018 CTC	Q4 2017 CTC
United States	44.4%	49.5%
Europe	29.6%	26.3%
Other	46.8%	49.6%
Encore total	39.6%	41.5%

Location	FY 2018 CTC	FY 2017 CTC
United States	42.4%	44.2%
Europe	27.7%	28.2%
Other	47.0%	48.6%
Encore total	37.9%	39.5%

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

encore CAPITAL GROUP

ENCORE'S LEVERAGE RATIOS

Leverage Ratios

	Encore Consolidated at 12/31/18	Cabot at 12/31/18
Total Debt	$3.49 B	$1.83 B
Total Debt / (Adjusted EBITDA + Collections applied to principal balance)[1]	2.86x	4.05x

1) Ratio calculation method is materially consistent with covenants in Encore's restated credit agreement and senior secured notes, as well as in Cabot's senior secured notes. See appendix for reconciliation of Adjusted EBITDA to GAAP net income.

encore CAPITAL GROUP

ENCORE'S SHARE COUNT

Encore Shares

Period	Weighted Average Shares Outstanding (Diluted – in 000's)
Period ending March 31, 2017 (3 months)	26,087
Period ending June 30, 2017 (3 months)	26,391
Period ending September 30, 2017 (3 months)	26,736
Period ending December 31, 2017 (3 months)	26,405
Period ending December 31, 2017 (12 months)	26,405
Period ending March 31, 2018 (3 months)	26,416
Period ending June 30, 2018 (3 months)	26,409
Period ending September 30, 2018 (3 months)	30,121
Period ending December 31, 2018 (3 months)	31,270
Period ending December 31, 2018 (12 months)	28,572