

For immediate release: Thursday 8th November 2018

Cabot Credit Management reports strong third quarter results

Financial results for nine months ended 30th September 2018

Cabot Credit Management (Cabot), a market leader in European credit management services, today announced the financial results for the nine months ending 30th September 2018.

Key Financials	9 Months to Sept 2018	9 Months to Sept 2017	% Change
Adjusted EBITDA	£248.3m	£214.3m	+16%
120 month ERC*	£2.6bn	£2.3bn	+12%
Debt Purchase Collections	£332.9m	£298.0m	+12%
Servicing Revenue	£63.3m	£24.7m	+156%

*Estimated Remaining Collections

Highlights

- £246m capital deployments year to date at consistent returns
- Servicing revenue increased 156% compared to the same period last year, and now represent 22% of group revenues, up from 11% same period last year
- Continued robust back book performance with collections at 100% of ERC forecast
- Underlying Adjusted EBTIDA margin stable at 66% (62% overall reported Group margin following Wescot acquisition in Q4 2017)
- Maintained capital management discipline in a competitive market – leverage stable at 4.2x with £139m of available liquidity at 30 September 2018
- Increased the size of the RCF by £90m and entered in to a new ABL of £50m, providing £140m of incremental liquidity, of which c. £70m will be used to redeem the outstanding 2020 Notes in November.
- Successfully completed Brackley site closure (UK) in October
- Double win at the Credit Excellence Awards 2018 for Best Use of Technology in conjunction with CallMiner, and Best Law Firm.
- UK Customer Satisfaction Index rating further increased to 84
- FOS uphold rates (15%) less than half of industry average

Ashish Masih, President and Chief Executive Officer of Encore Capital said

“The acquisition of Cabot strengthens our global business and establishes us as a clear leader in both the United States and in the United Kingdom, the world’s two most important markets for our industry. We expect Cabot’s debt purchasing and servicing platforms will strengthen our long-term leadership and growth in Europe through both its geographic and product diversity, as well as its broad servicing capabilities.”

Ken Stannard, Chief Executive Officer, Cabot Credit Management, said:

“Our company continues to deliver a strong performance and maintain capital management discipline in a competitive market. Compared to the same period last year, our revenues have grown by 26% and we have delivered Adjusted EBITDA of £248.3m for the last nine months with consistent underlying margins and stable leverage.

Our ongoing investment in technology was underlined by winning best use of technology award at the Credit Excellence Awards with judges recognising it clearly demonstrated strong evidence of customer benefits.

Following the completion of the acquisition of the remaining interest of Cabot by Encore Capital during the quarter, we have commenced a process of integration. We have identified numerous opportunities for us to share best practices and enable us to continue to be the Best At What We Do.”

Ends

At 14:00 hours BST on Thursday 8th November 2018, Cabot Credit Management will hold an audio conference presentation on the company’s performance and Encore transaction. For further details, please visit the Cabot investor website at www.cabotcm.com/investors.

For further information, please contact:

Becky Cimelli
PR Manager, Cabot Credit Management
Tel: +44 (0) 7780 495082

Email: bcimelli@cabotcm.com

Website: www.cabotcm.com

Note to editors

Cabot Credit Management (www.cabotcm.com) is one of the largest credit management services providers in Europe and the market leader in the UK and Ireland, based on expected future gross cash collections. Cabot provides a range of credit management services across a broad client base that includes some of the largest credit providers in Europe. These services include debt servicing offerings such as early stage collections, business process outsourcing, contingent collections, trace services and litigation activities. Cabot has credit management experience across a range of both credit providers (including consumer finance, telecommunications companies, retailers, utilities companies and government agencies) and asset classes (including secured consumer debt, small and medium-sized enterprise debt, and high-value accounts).

Between Cabot's inception in 1998 to 30 September 2018, it has invested a combined total of c£2.5 billion in the acquisition of over £25.7 billion in face value of purchased loan portfolios and has received £3.5 billion in cumulative collections from purchased loan portfolios. As at 30 September 2018, Cabot's 120-month estimated remaining collections was £2.6 billion, and Cabot's 180-month estimated remaining collections was £3.0 billion.

With 20 years of debt purchase and debt servicing experience, Cabot was one of the first companies to engage in the credit management services market in the United Kingdom. In March 2016, Cabot became the first large credit management service company in the United Kingdom to be authorised by the FCA, and in May 2017 Cabot became the first credit management service company in Ireland to be authorised by the Central Bank of Ireland.

Customer service and regulatory compliance are at the core of Cabot's business and culture and are implemented through its collections strategy. Cabot seeks to treat its customers fairly and offer affordable payment solutions, often through long-term payment plans. Cabot has customer satisfaction scores in excess of all UK banking and building society benchmarks and many leading high street banks, and Cabot believes that it has one of the lowest rates of complaints in the debt collection industry referred to the UK Financial Ombudsman Service. Cabot has won numerous industry accolades including 2018 Credit Excellence awards for Best Use of Technology and Best Law Firm, 2018 Utilities and Telecoms Awards for Best Outsourced Call Centre Operation, 2017 UK Customer Satisfaction Award from the Institute of Customer Service, Credit Excellence Awards 2016 for Compliance and the Credit Today Award 2016 for Treating Customers Fairly.