

# ModernGraham Valuation

Encore Capital Group,  
Inc.



**Company Name:**

Company Ticker ECPG

Date of Analysis

8/22/2017

## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$1,003,897,128	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.57	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	108.70%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	13.04	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.86	Pass

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	0.57	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-26.83	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago Score		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.99
MG Growth Estimate	2.95%
<b>MG Value</b>	<b>\$43.09</b>
MG Value based on 3% Growth	\$43.37
MG Value based on 0% Growth	\$25.43
Market Implied Growth Rate	2.27%

### MG Opinion

Current Price	\$39.00
% of Intrinsic Value	90.50%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>C</b>

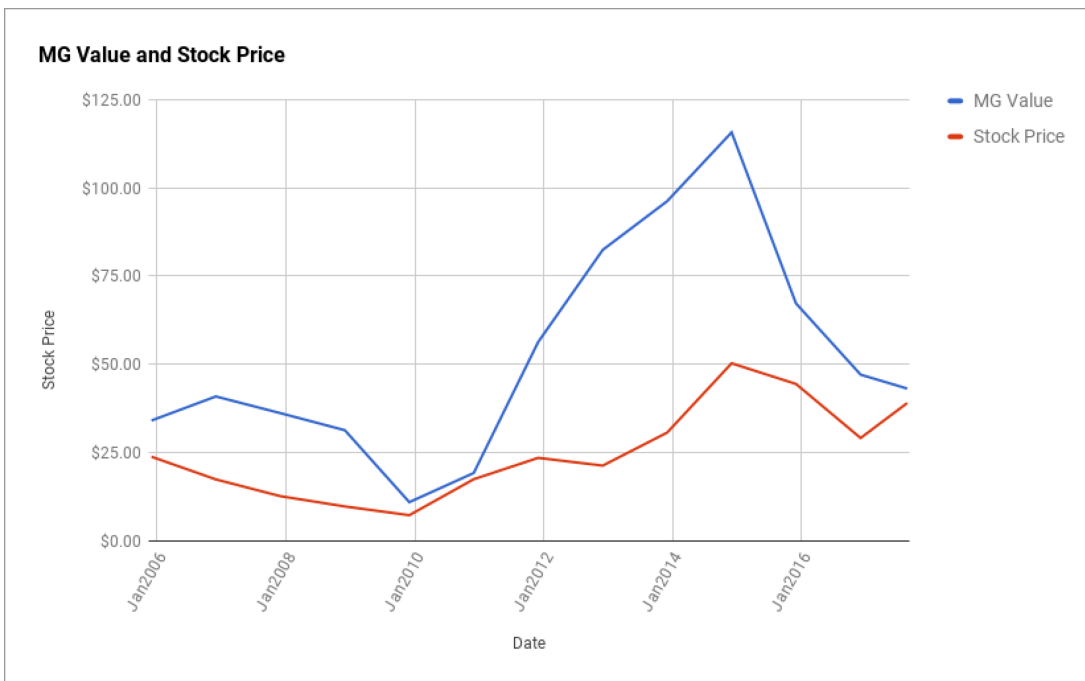
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$121.96
Graham Number	\$41.55
PEmg	13.04
Current Ratio	0.57
PB Ratio	1.86
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.51	Next Fiscal Year Estimate	\$2.99
Dec2016	\$2.96	Dec2016	\$2.75
Dec2015	\$1.69	Dec2015	\$2.66
Dec2014	\$3.77	Dec2014	\$3.01
Dec2013	\$2.87	Dec2013	\$2.50
Dec2012	\$2.69	Dec2012	\$2.14
Dec2011	\$2.37	Dec2011	\$1.71
Dec2010	\$1.95	Dec2010	\$1.29
Dec2009	\$1.37	Dec2009	\$0.97
Dec2008	\$0.59	Dec2008	\$0.81
Dec2007	\$0.64	Dec2007	\$0.94
Dec2006	\$1.03	Dec2006	\$1.06
Dec2005	\$1.30	Dec2005	\$0.88
Dec2004	\$0.99	Dec2004	\$0.32
Dec2003	\$0.88	Dec2003	-\$0.21
Dec2002	\$0.84	Dec2002	-\$0.67
Dec2001	-\$1.52	Dec2001	-\$1.16
Dec2000	-\$3.20	<b>Balance Sheet Information 6/1/2017</b>	
Dec1999	-\$0.01	Total Current Assets	\$146,647,000
Dec1998	\$1.49	Total Current Liabilities	\$256,982,000
Dec1997	\$0.00	Long-Term Debt	\$2,959,820,000
		Total Assets	\$3,918,797,000
		Intangible Assets	\$861,258,000
		Total Liabilities	\$3,365,284,000
		Shares Outstanding (Diluted Average)	26,391,000





**Disclaimer:**

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor. The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

**Recommended Reading:**

Other ModernGraham posts about the company #N/A

- Other ModernGraham posts about related companies
- [T.Rowe Price Group Inc Valuation – July 2017 \\$TROW](#)
  - [T.Rowe Price Group Inc Valuation – June 2017 \\$TROW](#)
  - [Tricon Capital Group Inc Valuation – Initial Coverage \\$TSE:TCN](#)
  - [Moody's Corporation Valuation – March 2017 \\$MCO](#)
  - [KKR & Co Ltd Valuation – March 2017 \\$KKR](#)
  - [Charles Schwab Corp Valuation – March 2017 \\$SCHW](#)
  - [Synchrony Financial Valuation – Initial Coverage \\$SYF](#)
  - [Franklin Resources Inc Valuation – February 2017 \\$BEN](#)
  - [S&P Global Inc Valuation – Initial Coverage \\$SPGI](#)
  - [CME Group Inc Valuation – February 2017 \\$CME](#)