

## PRA Group Inc. (PRAA)

**\$16.91** (Stock Price as of 12/16/2025)

Price Target (6-12 Months): **\$20.00**

Long Term: 6-12 Months

**Zacks Recommendation:** **Outperform**

(Since: 11/06/25)

Prior Recommendation: Neutral

Short Term: 1-3 Months

**Zacks Rank:** (1-5)

**2-Buy**

Zacks Style Scores:

VGM: C

Value: A

Growth: F

Momentum: D

### Summary

PRA Group's improving portfolio supply, along with continued credit normalization in the US and better pricing in the domestic market, is a major tailwind. A positive purchasing environment benefits the firm. Its revenues rose 5.7% YoY in the first nine months of 2025. It is reaping the fruits from the decision to take its presence beyond the primary debt collection business and step into government collections and audit services. With modernizing collections and other internal initiatives, its cash efficiency ratio, which declined last year, has started improving. Its adjusted cash efficiency ratio reached 61.3%. Cash collections rose 12.5% year over year in the first nine months of the year. Its stocks are undervalued at current levels. Consequently, PRAA is expected to offer substantial upside potential from the current price levels.

### Data Overview

52 Week High-Low	\$23.97 - \$12.29
20 Day Average Volume (sh)	371,535
Market Cap	\$659.8 M
YTD Price Change	-19.1%
Beta	1.32
Dividend / Div Yld	\$0.00 / 0.0%
Industry	<a href="#">Financial - Miscellaneous Services</a>
Zacks Industry Rank	Top 31% (74 out of 243)

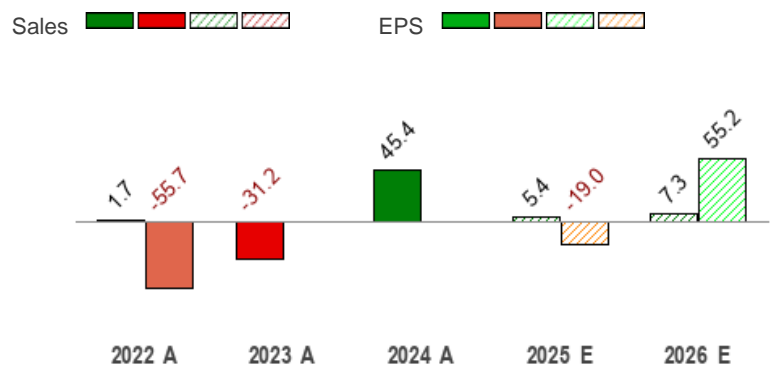
Last EPS Surprise	6.0%
Last Sales Surprise	4.7%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	02/18/2026
Earnings ESP	0.0%

P/E TTM	7.8
P/E F1	-6.9
PEG F1	-0.6
P/S TTM	0.6

### Price, Consensus & Surprise<sup>(1)</sup>



### Sales and EPS Growth Rates (Y/Y %)<sup>(1)</sup>



### Sales Estimates (millions of \$)<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026	310 E	317 E	318 E	316 E	1,261 E
2025	270 A	288 A	311 A	306 E	1,175 E
2024	256 A	284 A	281 A	293 A	1,115 A

### EPS Estimates<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026	0.54 E	0.58 E	0.60 E	0.53 E	2.25 E
2025	0.09 A	1.08 A	0.53 A	0.50 E	1.45 E
2024	0.09 A	0.54 A	0.49 A	0.47 A	1.79 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/16/2025.

(2) The report's text and the price target are as of 12/04/2025.

## Overview

Headquartered in Norfolk, VA, and incorporated in Delaware, PRA Group, Inc. is a global financial and business services company in the Americas, Australia and Europe.

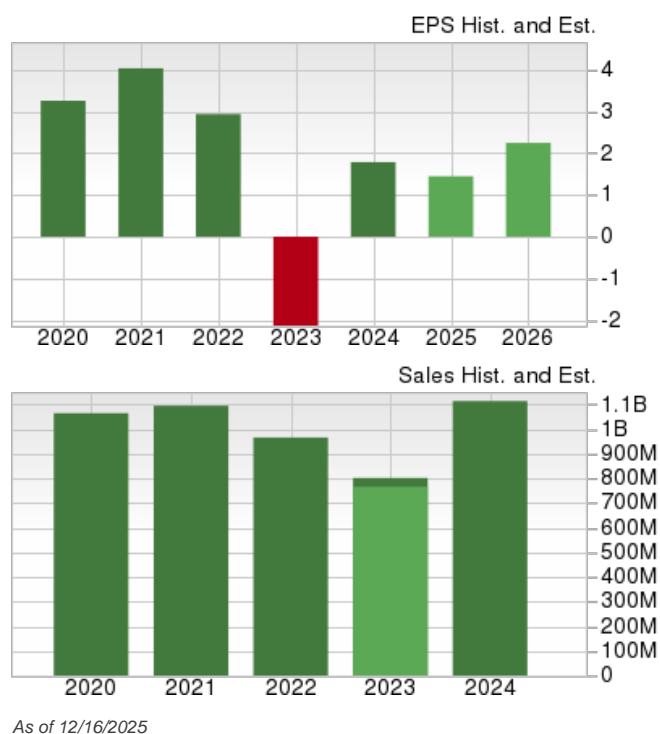
Incorporated in 1996, PRA Group went public in 2002 and became a major player in the outsourced accounts receivables collection market. The company, formerly known as Portfolio Recovery Associates Inc., changed its name to PRA Group, Inc. in October 2014.

Its primary business involves the purchase, collection and management of portfolios of nonperforming loans. PRA Group purchases, manages and collects defaulted consumer receivables from credit originators such as banks, credit unions, auto finance companies, retail merchants and other service providers.

The defaulted consumer receivables, which the company collects, are either purchased from a credit originator (owned receivables) or collected on behalf of clients.

The company also provides fee-based services on class action claims recoveries and services consumer bankruptcy accounts in the United States.

The company provides a broad range of collection services including revenue administration, audit and debt recovery for government bodies through its PRA Government Services (RDS) and MuniServices business, class action claims recovery services and related payment processing through the Claims Compensation Bureau and vehicle locating, skip tracing and collateral recovery services for auto lenders, governments and law enforcement agencies through PRA Location Services. Receivables are collected on behalf of clients on either a commission or a transaction fee basis.



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## Reasons To Buy:

- ▲ **Strong Organic Growth Momentum:** PRA Group has maintained healthy revenue growth, with a 38.9% rebound in 2024 and 5.7% growth in the first nine months of 2025. The normalization of U.S. credit supply is expanding portfolio availability and returns, providing a tailwind for purchase volumes, the company's main revenue driver. Higher volumes, improved recoveries, and favorable pricing trends are set to sustain growth, reinforcing PRA Group's ability to capitalize on market opportunities while optimizing its core operations.
- ▲ **Strategic Expansion and Diversification:** The company continues to diversify beyond debt collection, strengthening its government collections and audit services. Recent acquisitions and partnerships bolster its footprint in the public sector. Expansion into Canada and European markets, along with nonperforming loan purchases, positions PRA Group to capture broader market opportunities while mitigating concentration risk. In the last reported quarter, total portfolio purchases were \$255.5 million, down year over year, signaling a shift from volume to selectivity and value-oriented buying. Management reiterated its 2025 target of \$1.2 billion in total portfolio purchases, demonstrating a commitment to disciplined deployment rather than aggressive accumulation.
- ▲ **Improving Cash Collection Efficiency:** PRA Group's cash collections have risen steadily, with a 13% increase in 2024 and 12.5% growth through the first nine months of 2025. The adjusted cash efficiency ratio of 61.3%, up 230 basis points YoY, reflects operational improvements in collections and portfolio management. With management targeting continued efficiency gains, the company is well-positioned to convert growing purchase volumes into cash flow, enhancing profitability and financial flexibility.
- ▲ **Attractive Valuation Relative to Peers:** Trading at a trailing 12-month price-to-book ratio of 0.68X versus the industry average of 3.20X, PRA Group's stock remains undervalued. This discount provides an appealing entry point, especially as operational metrics improve and growth initiatives take hold. The combination of strong fundamentals and favorable valuation suggests potential upside relative to peers.

PRA Group's solid organic growth story, strategic initiatives and improving cash collection position it well for long-term growth.

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## Risks<sup>(2)</sup>

- The company has faced rising expenses in recent years. Although costs decreased by 5.6% in 2022, they climbed 3.1% in 2023 due to increased spending on employee compensation, legal collection and agency fees. In 2024, operating expenses rose further by 10.4% and in the first nine months of 2025 by 77.9%. Continued expense increases could pressure the company's profitability.
  - The company's return on capital (ROC) undermines its growth potential. Its trailing 12-month ROC of 6.5% compares unfavorably with the industry average figure of 7.2%, suggesting lesser efficiency in utilizing its capital. Also, the company is facing some challenges and fluctuations with its free cash flow (FCF). It witnessed negative FCF in 2023, 2024 and the first nine months of 2025.
  - In the last several quarters, a rise in borrowing costs and increased leverage resulted in higher interest expenses, which escalated 39.1% year over year in 2023. The metric increased 26.2% year over year in 2024 and 11.1% in the first nine months of 2025. The company's total debt-to-total capital of 73% is higher than the industry's figure of 52%. PRA Group's borrowings were \$3.6 billion as of Sept. 30, 2025, up from \$3.3 billion at 2024-end. Its times interest earned is -0.1X, much lower than the industry's average of 5.76X.
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## Last Earnings Report

### PRA Group Q3 Earnings Beat Estimates on Increasing Cash Collections

PRA Group reported third-quarter 2025 earnings per share (EPS) of 53 cents, which beat the Zacks Consensus Estimate by 6%. The bottom line rose from 49 cents per share a year ago.

Total revenues improved 10.5% year over year to \$311.1 million. The top line beat the consensus mark by 4.7%.

The quarterly results benefited from improved cash collections and higher portfolio income. However, the upside was partly offset by rising operating costs attributed to higher legal collection costs and fees.

### PRA Group's Quarterly Operational Update

PRA Group's cash collections were \$542.2 million, which advanced 13.7% year over year and beat the Zacks Consensus Estimate of \$531 million. The metric was aided by higher cash collections across the United States and Europe.

Portfolio income rose 19.6% year over year to \$258.5 million but missed the consensus mark of \$261 million. Other revenues of \$1.2 million decreased significantly from the figure of \$4.7 million a year ago and missed the consensus mark of \$4.2 million.

Total operating expenses of \$626.7 million rose significantly from the figure of \$191.5 million a year ago due to increased legal collection costs, legal collection fees, professional and outside services costs, goodwill impairment and other operating expenses.

PRAA recorded a net loss of \$404 million against the prior-year quarter's income of \$28.9 million.

The company purchased nonperforming loan portfolios of \$255.5 million, which declined 27% year over year. The adjusted cash efficiency ratio improved 500 basis points year over year to 60.6%. The estimated remaining collections amounted to \$8.4 billion at the third-quarter end, up 15.2% year over year.

### PRAA's Financial Update (As of Sept. 30, 2025)

PRA Group exited the third quarter with cash and cash equivalents of \$107.5 million, which advanced from the figure of \$105.9 million at 2024-end. It had \$1.2 billion remaining under its credit facilities at the third-quarter end.

Total assets of \$5 billion increased from the 2024-end level of \$4.9 billion.

Borrowings were \$3.6 billion, which rose from the figure of \$3.3 billion as of Dec. 31, 2024.

Total equity of \$984 million declined 17.6% from the 2024-end level.

### PRAA's 2025 Outlook

Earlier, management estimated portfolio investments of \$1.2 billion for 2025. PRAA forecasted cash collections to witness high-single-digit growth as a result of strong portfolio purchases and benefits from cash-generating initiatives.

The cash efficiency ratio was projected to be more than 60% in 2025. The company expected a return on average tangible equity of around 12%.

**FY Quarter Ending** **12/31/2024**

Earnings Reporting Date	Nov 03, 2025
Sales Surprise	4.69%
EPS Surprise	6.00%
Quarterly EPS	0.53
Annual EPS (TTM)	2.17

## Valuation

PRA Group shares are down 18.5% over the year-to-date period and 15.8% in the past year. Stocks in the Zacks sub-industry are down 3.5% while the Zacks Finance sector is up 15.4%, over the year-to-date period. Over the past year, the Zacks sub-industry is down 11.5%, while the sector is up 10.5%.

The S&P 500 index is up 18.9% over the year-to-date period and 15.6% in the past year.

The stock is currently trading at 0.68X trailing 12-month price-to-book ratio, which compares to 3.20X for the Zacks sub-industry, 4.23X for the Zacks sector and 8.53X for the S&P 500 index.

Over the past five years, the stock has traded as high as 1.66X and as low as 0.41X, with a 5-year median of 0.84X. Our Outperform recommendation indicates that the stock will perform better than the market. Our \$20 price target reflects 0.80X trailing 12-month price-to-book value.

The table below shows summary valuation data for PRAA.

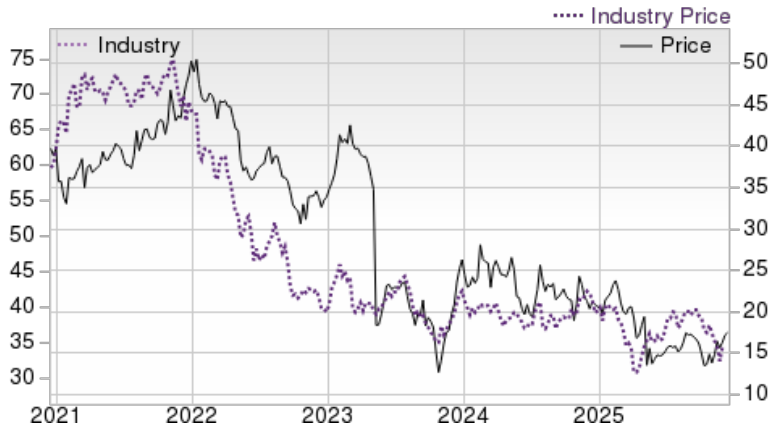
Valuation Multiples - PRAA					
		Stock	Sub-Industry	Sector	S&P 500
P/B TTM	Current	0.68	3.2	4.23	8.53
	5-Year High	1.66	3.88	4.37	9.16
	5-Year Low	0.41	1.74	2.87	6.6
	5-Year Median	0.84	2.55	3.52	8.04
P/S F12M	Current	0.53	3.26	8.9	5.33
	5-Year High	2.19	3.72	10.06	5.5
	5-Year Low	0.42	1.52	6.68	3.83
	5-Year Median	1.08	2.43	8.37	5.04
EV/EBITDA TTM	Current	11.65	12.71	4.06	18.66
	5-Year High	35.99	16.31	6.34	22.41
	5-Year Low	9.98	6.3	NA	13.87
	5-Year Median	12.43	9.32	3.45	17.96

As of 12/03/2025

Source: Zacks Investment Research

## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 31% (74 out of 243)

## Top Peers<sup>(1)</sup>



Company (Ticker)	Rec	Rank
LendingClub Corporat... (LC)	Outperform	1
NerdWallet, Inc. (NRDS)	Outperform	1
Atlanticus Holdings ... (ATLC)	Neutral	3
AXOS FINANCIAL, INC (AX)	Neutral	2
Brookfield Asset Man... (BAM)	Neutral	3
Primis Financial Cor... (FRST)	Neutral	3
Oportun Financial Co... (OPRT)	Neutral	3
Blue Owl Capital Cor... (OBDC)	Underperform	5

## Industry Comparison<sup>(1)</sup> Industry: Financial - Miscellaneous Services

## Industry Peers

	PRAA	X Industry	S&P 500	AX	LC	OPRT
Zacks Recommendation (Long Term)	Outperform	-	-	Neutral	Outperform	Neutral
Zacks Rank (Short Term)	2	-	-	2	1	3
VGM Score	C	-	-	B	F	A
Market Cap	659.75 M	417.86 M	38.58 B	4.88 B	2.19 B	242.27 M
# of Analysts	2	2	22	1	4	3
Dividend Yield	0.00%	0.00%	1.42%	0.00%	0.00%	0.00%
Value Score	A	-	-	A	D	A
Cash/Price	0.16	0.19	0.04	0.60	0.37	0.91
EV/EBITDA	1.53	3.12	14.55	6.30	10.44	-40.19
PEG Ratio	-0.57	0.78	2.20	NA	NA	NA
Price/Book (P/B)	0.67	1.20	3.33	1.75	1.50	0.63
Price/Cash Flow (P/CF)	7.91	10.13	15.10	13.58	18.82	2.82
P/E (F1)	-6.90	12.21	19.71	10.47	16.58	4.17
Price/Sales (P/S)	0.57	2.36	3.09	2.53	2.30	0.25
Earnings Yield	8.57%	6.09%	5.06%	9.55%	6.01%	24.04%
Debt/Equity	0.00	0.10	0.57	0.54	0.00	6.66
Cash Flow (\$/share)	2.14	0.46	8.99	6.35	1.01	1.95
Growth Score	F	-	-	D	F	B
Hist. EPS Growth (3-5 yrs)	-26.80%	1.31%	8.16%	20.92%	-15.03%	-18.98%
Proj. EPS Growth (F1/F0)	NA%	22.92%	8.57%	9.73%	139.58%	83.33%
Curr. Cash Flow Growth	-251.44%	-4.54%	6.75%	-1.81%	31.61%	-184.03%
Hist. Cash Flow Growth (3-5 yrs)	-7.82%	11.74%	7.43%	13.47%	12.00%	2.58%
Current Ratio	1.20	1.29	1.18	1.12	0.71	NA
Debt/Capital	0.00%	19.43%	38.01%	34.90%	0.00%	86.94%
Net Margin	-29.55%	11.07%	12.78%	22.41%	10.94%	3.19%
Return on Equity	7.03%	9.54%	17.00%	16.72%	7.68%	17.61%
Sales/Assets	0.23	0.20	0.53	0.08	0.09	0.30
Proj. Sales Growth (F1/F0)	-31.20%	0.00%	5.79%	9.10%	26.40%	-5.20%
Momentum Score	D	-	-	B	D	D
Daily Price Chg	1.68%	0.00%	-0.24%	0.22%	-0.47%	0.55%
1 Week Price Chg	1.76%	0.00%	-0.59%	0.86%	2.42%	4.50%
4 Week Price Chg	3.36%	0.77%	2.76%	12.98%	18.70%	17.56%
12 Week Price Chg	2.86%	-9.67%	2.15%	-2.55%	10.80%	-18.43%
52 Week Price Chg	-23.28%	-8.34%	12.39%	11.79%	6.69%	41.49%
20 Day Average Volume	371,535	225,236	2,743,646	282,401	1,434,211	308,397
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	4.84%	0.00%	0.00%
(F1) EPS Est 12 week change	10.27%	2.59%	0.69%	4.87%	10.73%	7.51%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	2.99%	0.00%	0.37%

## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

### Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	<b>A</b>
Growth Score	<b>F</b>
Momentum Score	<b>D</b>
VGM Score	<b>C</b>

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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